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ECONOMIC AFFAIRS

No. 994

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USSR REPORT  
ECONOMIC AFFAIRS

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## ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

### NEW RULES ON RATING PLAN FULFILLMENT FOR SHIPPING OUTPUT ISSUED

Moscow EKONOMICHESKAYA GAZETA in Russian No 44, Oct 81 pp 15-16

[Instructions: "Evaluation of Fulfillment of the Plan for Shipping Output"]

[Text] Instructions on the Procedure for Reporting the Fulfillment of Tasks and Commitments for Shipping Output and Commodities in Accordance with Concluded Agreements When Evaluating the Activity and the Economic Incentives of Production, Supply-and-Marketing and Trade Associations, Enterprises and Organizations. Approved by USSR Gosplan, USSR Gossnab, USSR Goskomtrud [State Committee for Labor and Wages], USSR Minfin [Ministry of Finance], USSR TsSU [Central Statistical Administration] and the AUCCTU on 24 August 1981.

1. In accordance with CPSU Central Committee and USSR Council of Ministers Decree No 695 of 12 July 1979, evaluation of the results of the economic activity of production associations, enterprises and organizations of industry and of materials-and-equipment supply and trading activities, and also of their economic incentives, is made on the basis of the fulfillment of tasks and commitments for the shipping of output for production-equipment purposes and of consumer goods in the amount, by the dates and in the products mix (variety) that are in accordance with concluded agreements (adopted for the execution of orders) and with schedule-type orders of foreign-trade organizations.
2. In the procedure called for by these Instructions the fulfillment of tasks and commitments for the shipment of output and commodities<sup>1</sup> is considered during evaluation of the activity of associations, enterprises and organizations, evaluation of the forming of the material incentives fund, and the awarding of bonuses to supervisors, engineers, technicians and white-collar workers, and totaling up of the results of All-Union and republic socialist competition.
3. The report of the fulfillment of tasks and commitments for the shipment of output is prepared by all production associations, enterprises and organizations, by supply-and-marketing and wholesale trade enterprises (or organizations), and by associations, enterprises and organizations of the USSR Goskomsel'khoztekhnika [State Committee for Supplying Production Equipment to Agriculture] and Soyuzsel'khokhimiya [All-Union Science-and-Production Association for Agrochemical Services to Agriculture] system, by production-equipment outfitting administrations, by logging and timber-rafting enterprises and by other organizations whose relations with

<sup>1</sup>Hereinafter the term "output" is used.

purchasers (customers) are regulated by statutes about supplying output for production-equipment purposes and consumer goods, the Basic Terms for Supplying Output for Military Organizations, and the Terms for Supplying Commodities for Export and other standardizing enactments about shipments.

4. The report on the fulfillment of tasks and commitments to ship output is prepared for the entire range of items produced, including those on the products list of the USSR Council of Ministers, USSR Gosplan, USSR Gosstrib, ministries and agencies and Union-republic councils of ministers, regardless of agency subordination of the associations, enterprises and organizations and regardless of whether the output is intended for interbranch or intrabrand consumption.

5. The applicability of these Instructions does not extend to:

specialized enterprises of local industry that use the labor of pensioners retired for age and of disabled persons whose share in the total number of personnel is at least 30 percent, and also of enterprises that produce articles for artistic undertakings, toys, holiday-tree decorations and souvenirs, the share of which in total output volume is at least 50 percent;

enterprises of societies of the blind, deaf and deaf mutes;

enterprises and organizations in the field of selling electricity, heat, water and steam;

domestic-services enterprises and those that deal in articles that they have produced (sewn goods, knitted goods, footwear and other articles), on individual order of the populace;

enterprises and organizations in the field of repair work and other work of an industrial nature, whose relations with customers are not regulated by standardizing enactments on the shipment of output;

science-and-production associations, at least 50 percent of whose work consists of scientific-research, experimental-design, design and other work, as called for by item 1, paragraph 69 of the Statute on Science-and-Production Associations, which was approved by USSR Council of Ministers Decree No 1062 of 30 December 1975; and

test (or experimental) enterprises, at least 50 percent of whose total output consists of test or experimental work.

6. Where tasks and commitments for shipping output (counting the cumulative total since the start of the year) have not been met with respect to the amounts, dates and products mix (or variety) stipulated in concluded agreements (adopted for the execution of orders) and in schedule-type orders of foreign-trade organizations:

deductions into the fund for material incentives stipulated in the financial plan for the corresponding period will be reduced in the procedure established by the Fundamental Statutes on the Forming and Expenditure of Material Incentive Funds and the Fund for Social and Cultural Measures and Housing Construction (Incentive Funds) in 1981-1985 in Industry, which were approved by USSR Gosplan, USSR Minfin, USSR Goskomtrud and the AUCCTU on 5 March 1980, and, in the cases of associations,

enterprises and materials-and-equipment supplying organizations and trading organizations of the USSR Goskomsel'khoshtekhnika and Soyuzsel'khoskhimiya system--by the appropriate standardizing enactments that set the procedure for the forming and expenditure of incentive funds in the indicated branches.

Where there is full or partial make-up for undershipment of output in the next period and, as a consequence of this, there is an improvement or complete realization of the indicator of the amount of output realized, with respect to the fulfillment of commitments for shipments, the procedure and amounts of use of sums of the material incentive fund that are made up in connection with this are established by USSR Gosplan, USSR Minfin, USSR Goskomtrud and the AUCCTU;

supervisory workers of associations, enterprises and organizations are deprived of bonuses for the basic results of economic activity completely or partially, depending upon the degree of underfulfillment of tasks and commitments for shipments; and

the associations, enterprises and organizations are not eligible for award of the challenge Red Banners or the first, second or third prizes during the summing up of the results of All-Union and republic socialist competition,

7. Where associations, enterprises and organizations fulfill all their tasks and commitments for shipping output in the amounts, on the dates and in the products mix (or variety) that are called for in concluded agreements (adopted for the execution of orders) and in schedule-type orders of foreign-trade organizations, the bonuses of supervisors, engineers, technicians and white-collar workers are paid out in increased amounts.

8. In order to determine the degree of fulfillment of tasks and commitments for shipping output in the amount, on the dates and in the products mix (or variety) stipulated in concluded agreements (adopted for the execution of orders) and in schedule-type orders of foreign-trade organizations, the indicator, "Amount of realization of output in wholesale prices for enterprises that have been adopted in the plan, taking into account the fulfillment of commitments for shipments," has been established in statistical reporting.

The data about the amount of realization of output, taking into account the fulfillment of commitments for shipments, are cited by all production associations and enterprises of industry in reports on Form No 1-p "Report of the Production Association (or Combine) or the Industrial Enterprise on Fulfillment of the Plan for Volume of Realization of Output, Taking into Account the Fulfillment of Commitments for Shipments," on the line with code 827.

In reports on fulfillment of the plan for output (on Forms No 1-p and No 1-p for Realization (Urgent), data for the indicator, "Amount of realization of output taking into account fulfillment of commitments for shipments," are filled out monthly, regardless of the periodicity of the shipments called for in the agreements (adopted for the execution of orders) and in the schedule-type orders of foreign-trade organizations.

Supply-and-marketing organizations, enterprises and organizations of the USSR Goskomsel'khoshtekhnika and Soyuzsel'khoskhimiya system, as well as wholesale-trade enterprises (or organizations), present the data on the fulfillment of tasks and



commitments for the shipment of output in the procedure and on the dates established, respectively, by USSR Gossnab, USSR Goskomsel'khoztekhnika, Soyuzsel'khozkhimiya and USSR Mintorg [Ministry of Trade].

The percentage of fulfillment of the plan for realization of output with respect to the fulfillment of tasks and commitments for shipments for the reporting period is determined as the ratio of the amount of realization of output with respect to the fulfillment of tasks and commitments for shipments to the amount of realization called for by the plan for the period since the start of the year.

In order to determine the percent of underfulfillment of tasks and commitments for shipment of output, the percent of fulfillment of the plan for realization of output with respect to the fulfillment of tasks and commitments for shipments is subtracted from 100 percent.

9. The value of the underdelivered output, for purposes of computing the indicator, "Amount of realization of output in enterprise wholesale prices that were adopted in the plan, with respect to the fulfillment of commitments for shipments," is determined:

for production associations and enterprises of industry, on the basis of currently effective wholesale prices for enterprises that were adopted in the annual plan; and

for supplying and wholesale-trade enterprises (or organizations), on the basis of the prices in accordance with which settlements are made for output with the customers (for commodities, the plan for the realization of which has been established in retail prices, after subtracting the turnover tax and the trade discount), and, for enterprises and organizations of the USSR Goskomsel'khoztekhnika and Soyuzsel'khozkhimiya system, on the basis of prices established for mutual settlements with the industrial enterprises.

In those cases, where, in accordance with existing legislation, penalties for the violation of tasks and commitments for shipments of output are determined on the basis of average prices for output, the value of the undershipped output can be computed according to the prices indicated.

In those cases where the variety of output has not been specified in the agreement, the cost of the output not delivered is computed according to the average group prices adopted in the plan.

10. In determining the amount of realization of output with respect to the fulfillment of tasks and commitments for shipments, one must be guided by the following:

a) the fulfillment of tasks and commitments for output is determined in accordance with the procedure and the provisos called for by the Statute on Shipments of Output for Production-Equipment Purposes, the Statute on Shipments of Consumer Goods, the Basic Terms for Shipment of Output for Military Organizations, the Terms for Shipment of Commodities for Export, and the special terms for the shipment of various types of output and other standardizing enactments that regulate relationships in the shipment of output;

b) The amounts of the shortfall in shipments for the reporting months, "quarters and the period since the start of the year are determined by the cumulative total (taking into account undershipments in the preceding period and make-up for undershipments of output during the next periods) as to amounts, dates and products mix (or variety) for each concluded agreement (adopted for the execution of an order) and schedule-type order by a foreign-trade organization;

c) If the agreement calls for a quarterly period for shipment of output (without indication of the dates within the periods), determination of the results of fulfillment of commitments for shipments under the agreement is made according to the results of the last month of the given quarter;

d) the date (day) of execution of commitments for shipments of output is computed:

for the loading of output for an out-of-town recipient--the day of turnover of the output to the organ of transport or communications, as determined by the date on the transport document or document of the communications organ;

for turnover of output at a warehouse of the receiver or the supplier (or manufacturer), the date of the receiving-and-acceptance document or receipt that the output was obtained.

Where appropriate standardizing enactments call for a different procedure, determinations of the date of execution of orders and commitments for shipments of output should be guided by these standardizing documents;

e) undershipments in output are not considered in the reporting period in cases where:

in the concluded agreement (adopted for the execution of an order) and in schedule-type orders of foreign-trade organizations, appropriate changes are introduced in the established procedure, particularly for the amount, dates and products mix (variety) of shipment;

the purchaser has refused to receive the output or has not removed it from the supplier's (or manufacturer's) warehouse on the date establishment by the agreement;

organizations that supply materials and equipment, which execute, in accordance with paragraph 31, "The Statute on Shipments of Output for Production-Equipment Purposes," the functions that have been vested in them for monitoring the status of reserves of material resources in associations, enterprises, institutions and organizations, where there is an above-standard or surplus of output, reduce the amount of the output shipped or change the date of shipment thereof;

in accordance with existing legislation, the supplier has the right to postpone the date of shipment.

Such cases include, in particular:

delay in presentation of a letter of credit by an out-of-town payer (purchaser) who has converted to this form of settlement, or nonpresentation of the payment document for payment by a payer (purchaser) in the same city who has converted to prepayment for output;

failure of enterprises and purchasing organizations to turn over, or nonpresentation by them of the invoice-receipt about the turnover of spent bearings, in exchange for which new or restored bearings are being shipped within the ceilings of the allocated funds in a one-for-one settlement (Instructions USSR Gosnab and Minavtoprom [Ministry of Automotive Industry] of 26 May-6 June 1969), and of accumulators and storage batteries which have become spent and unusable or the failure to turn them over for exchange, in lieu of which new accumulators or storage batteries are shipped (Instruction of USSR Gosplan of 16 March 1962 No 11-i and Instruction of USSR Gosnab of 5 September 1972, No 141), and of other articles and materials, if so specified by legislation;

late transmittal by the purchaser of funds, technical documentation, materials in kind, tooling and so on, if postponement of the date of shipment is called for in these cases by special terms for the shipment of various types of output or by agreements.

11. Ministries and agencies establish for subordinate associations, enterprises and organizations a maximum percent of underfulfillment of tasks and commitments for the shipment of output; if this is exceeded the supervisory workers of the association, enterprise and organization are deprived completely of bonuses.

The indicated maximum percent for each association, enterprise and organization cannot exceed 2 percent, but in some exceptional cases--3 percent.

In cases of underfulfillment of tasks and commitments for shipments of various types of output for production-equipment purposes which have important national economic significance, bonuses are not paid to supervisory workers of associations, enterprises and organizations for the main results of economic activity, regardless of the established maximum percent. The list of various types of output that are of the greatest national economic significance is approved by order of USSR Gosnab.

Ministries and agencies are required to reduce persistently the amounts of the indicated maximum percents, with a view to providing for the fulfillment of all the tasks and commitments for shipments by associations, enterprises and organizations;

The amounts of the established maximum percents of ministries and agencies are reported to USSR Gosplan and USSR Gosnab.

12. Where there is underfulfillment of tasks and commitments for shipments of output below the maximum percent at which supervisory workers of associations, enterprises and organizations are deprived completely of bonuses, bonuses for the basic results of economic activity are reduced in accordance with the following scale:

a) Where the maximum is 1 percent:

Amount of underfulfillment	Up to 0.3%	More than 0.3%, up to 0.6%	More than 0.6%, up to 1.0%	More than 1.0%
Amount of reduction in bonus	25%	50%	75%	100%



b) Where the maximum is 2 percent:

Amount of underfulfillment	Up to 0.5%	More than 0.5%, up to 1.0%	More than 1.0%, up to 2.0%	More than 2.0%
Amount of reduction in bonus	25%	50%	75%	100%

c) Where the maximum is 3 percent:

Amount of underfulfillment	Up to 1.0%	More than 1.0%, up to 2.0%	More than 2.0%, up to 3.0%	More than 3.0%
Amount of reduction of bonus	25%	50%	75%	100%

13. The procedure for decreasing (or increasing) bonuses for engineers and technicians and white-collar workers of associations, enterprises and organizations with respect to the fulfillment of plans and commitments for shipments of output in the amounts, on the dates and in accordance with the products mix (or variety) called for in the agreements concluded (adopted for the execution of orders) or in schedule-type orders of foreign trade organizations, is established by the supervisors of the associations, enterprises and organizations with the concurrence of trade-union committees.

14. With a view to insuring compilation by the established deadlines of the reporting data on the indicator of the amount of realized output with respect to the fulfillment of commitments for shipments, an up-to-date accounting for the fulfillment of agreements (adopted for the execution of orders) and of schedule orders of foreign-trade organizations should be organized in such a fashion that monitoring fulfillment of the tasks and commitments for the delivery of output is accomplished during the reporting period as the agreements (for the execution of orders) and of schedule-type orders of foreign-trade organizations are executed.

15. Introduce these Instructions into effect as of 1 January 1982.

Recognize the expiration on 1 January 1982 of the Instructions on the Procedure for Reporting the Fulfillment of Tasks and Commitments for the Shipment of Output when Awarding Bonuses to Supervisors, Engineers, Technicians and White-Collar Workers of Production Associations and Enterprises of Industry, and also of Supply Organizations, which was approved by USSR Gosplan, USSR Gossnab, USSR Goskomtrud, USSR Minfin, USSR TsSU and the AUCCTU on 17 August 1977, and the Letter of Instruction of USSR Gosplan, USSR Gossnab, USSR Goskomtrud, USSR Minfin, USSR TsSU and the AUCCTU of 3 November 1978, No AB-33-D.

In the Letter of Instruction of USSR Gosplan, USSR Gossnab, USSR Goskomtrud, USSR Minfin, USSR TsSU and the AUCCTU of 8 October 1979, No AB-25-D:

in the second item, replace the words: "In accordance with subparagraph 'd' of paragraph 4 of the Instructions on the Procedure for Reporting the Fulfillment of Tasks and Commitments for Shipments of Output in Awarding Bonuses to Supervisors, Engineers, Technicians and White-Collar Workers of Production Associations and Enterprises of Industry, and also of Supply Organizations, which was approved by USSR Gosplan, USSR Gossnab, USSR Goskomtrud, USSR Minfin, USSR TsSU and the AUCCTU on 17 August 1977," with the words: "In accordance with subparagraph 'e' of paragraph 10 of the Instructions on the Procedure for Reporting the Fulfillment of Tasks and



Commitments for Shipments of Output and Commodities in Accordance with Concluded Agreements when Evaluating the Activity and Economic Incentives of Production, Supply-and-Marketing and Trade Associations, Enterprises and Organizations, which was approved by USSR Gosplan, USSR Gosnab, USSR Goskomtrud, USSR Minfin, USSR TsSU and the AUCCTU of 24 August 1981"; and

in the third item, replace the words, "with paragraph 32 of the Statute on Shipments of Output for Production-Equipment Purposes and Paragraph 29 of the Statute on Shipment of Consumer Goods," with the words, "with paragraph 38 of the Statute on Shipments of Output for Production-Equipment Purposes and paragraph 33 of the Statute on Shipments of Consumer Goods (the statutes were approved by USSR Council of Ministers Decree No 161 of 10 February 1981)."

11409

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## ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

### QUANTITATIVE MANAGEMENT ATTITUDES INCONSISTENT WITH FINITE RESOURCES

Moscow PRAVDA in Russian 27 Nov 81 p 2

[Article by K. Ulybin, candidate of economic sciences: "Style of Thought and Management"]

[Text] The idea was simple--to build a large experimental dairy complex at Tambov's Kolkhoz imeni Timiryazev. Soon an industrial giant rose up in the middle of the ordinary rural landscape. But...it suddenly became clear that there was not enough to build the complex's buildings, not enough to supply it with the necessary equipment. It turned out that they still needed a herd of a breed appropriate to the dairy complex, and that specially trained personnel and strict observance of the technology and feed were needed. The kolkhoz could not provide all this.

No little time has passed since then. But, as usual, each one who is acquainted with the case asks himself the question: the person who undertook to build this bulky, cumbersome livestock facility--what was he thinking about, what did he think he was doing? What is this, elementary irresponsibility? If only that was all that it boiled down to....

I think that this did not happen accidentally. In pursuit of "sweep" and "scale," only one "main thing" had been singled out. And this main thing was considered to be--to find the funds and materials and to build the livestock facility itself. The rest flowed from that. That is, the complex was perceived in accordance with the usual stereotype: it was just like several livestock departments somewhat larger in size, for which in one way or another, "everything had always been found."

In other words, the people who were standing right at the source of an important and useful--we stress this!--beginning, turned out to be prisoners of old notions about ways and means of management. The old economic thought showed its incompatibility with the new business. And, as a result, the funds for intensifying livestock raising was transformed into a source of losses for the kolkhoz.

We had to speak in such detail about this matter, which at first glance, is not such a significant failure because its causes are fairly typical. It is this that lies at the base of many problems that arise on our management front. And, most likely, only in the light of them is it possible to recognize completely how urgent is the instruction of the 26th CPSU Congress about the need to overcome the force of inertia, tradition and habit, which prevails when not so much the qualitative as the quantitative aspect of a matter is given first priority.

The forms of the phenomenon of inertia in economic thought, an obsolete style of management, are extremely diverse. But their effects are practically always identical--they prevent our movement ahead, they hinder the introduction of what is new and advanced, and they slow down growth in production results in comparison with the expenditures thereon. This is especially intolerable right now, when the task of shifting the economy to the rails of intensive development, when life itself requires, as the November 1981 CPSU Central Committee observed, a more energetic restructuring of the style of management activity and economic thought and of planning methods and control systems.

Our national economy and the complexity of the systems ties within it have reached a level at which it is not only difficult but also impossible to get along without considering the active role of economic thought. For the good worker today, it is not enough to have just the appropriate vocational training. Without the skill to see accurately the prospects for the development of his enterprise, kolkhoz, or branch of the economy, to evaluate correctly and responsively the changes that are contemplated, and to apply economic knowledge--the arsenal of methods and means for rational management--to the matter, he cannot achieve much, even with the highest of training. And economic knowledge is still by no means economic thought, it is not efficiency, and it is not socialist enterprisingness.

This is why economic thought and its instillation in the broad mass of workers is today one of the powerful engines of socialist production. Moreover, its importance grows each year. For the economic questions that we can solve are altered, not only in scale but also qualitatively. It can be said that they become still more nonstandardized. And the approach to their solution along a "treadway rolled smooth" and the use of methods that once were justified are increasingly often proving inapplicable.

Certainly it will be no exaggeration to assert that an intensive economy is directly connected with the new style of economic thought, with new notions about ways of and possibilities for economic development. Let's take, let's say, the problem of rational use of our social wealth. For talk about this and searches in that area are not the sole preserve of planners but an inexorable dictate of life. The objective fact that, under modern conditions, with a speedup in the pace of economic development the pace in growth of resources is being reduced, dictates a task that is far from clear to everyone: not **/where/** to get more but **/how/** to use better what there is. A healthy, economically justified rationalism is a most important feature of modern economic thought.

It requires special attention to the question of a harmonious combining of the interests of society, the collective and individual workers. When these interests are correlated rationally, they are transformed into a mighty propulsive force for developing the economy. Not always, however, is it possible to achieve the desired result. One of the reasons for that is a simplified, outdated understanding of the interactions of various interests. Some economic supervisors do not pay the necessary attention to providing a correct and objective evaluation of the labor contribution of each worker. But, without setting personal interests into motion, it is difficult to count on the full realization of social interests. On the other hand, to forget about the social interest means, in the final analysis, a strangling of both collective and personal interests.

It is difficult to correlate modern economic thought, of course, with the still prevailing habit of evaluating the results of economic activity on the basis of

quantitative indicators. Often such indicators promote wastefulness, as was noted at the November CPSU Central Committee Plenum. We have in mind the notorious "gross," which is computed in tons of rubles, in relation to, for example, the output of machine tools and the baking of bread, or in ton-kilometers when the matter touches on an evaluation of transport work. It holds sway also in construction.

Perhaps it is the "gross" itself that is the most obvious phenomenon of a definite lag in economic thought behind the level and nature of development of our economy to the modern stage. At one time the indicator was completely justified--the country had survived a severe shortage of practically all types of output, and the task of providing the national economy and the population with all the necessities, let alone those of the highest quality, brought gross indicators to life. But since then the situation has changed radically, and...the indicator has remained, and the orientation to it has been retained. And while everyone has apparently been convinced in practice repeatedly about how such an evaluation for the development of production is outdated, the "gross" still lives. And it dictates at times such a paradoxical striving, as, let's say, the output of obsolete output above the plan, when even the planned amounts thereof do not by far always find customers.

Such inertia also fosters dependent attitudes. Because of them, some managers are not able at times to avoid what these sins conceal. The picture is well known: the approach of the year's end arouses at some enterprises a striving "to revise" or, speaking more honestly, to reduce plan tasks. Often this has succeeded. But it is difficult to find even one example where the enterprise simultaneously has proposed a corresponding proportionate reduction in the wage fund. As a result, the collective, which has been working, let us speak frankly, without distinction, which has not met its commitments to society, not only does not suffer from this but it even turns up a winning: it does less and obtains full measure for it.

And what is one to call the constantly overstated demands of sectors of the economy and agencies and some enterprises for production capital, for labor resources? For example, computed industrial-production personnel manning for the 11th Five-Year Plan for Moscow enterprises were presented that exceeded Mosgorplan [Moscow City Planning Commission] ceilings: USSR Minenergo [Ministry of Power and Electrification] by 4.7 percent, USSR Minchermet [Ministry of Ferrous Metallurgy] by 5.1 percent, and Minneftekhimprom--[Ministry of Petroleum Refining and Petrochemical Industry] by 3.9 percent. If the logic of such computations were followed, then the computed number of blue- and white-collar workers for 28 industrial ministries would exceed Mosgorplan ceilings by 5 percent in 1985. It is as if the 26th Congress of our party had not issued an instruction that is oriented completely accurately to fulfillment of the production programs with an unchanged or even a lesser number of workers. Thus, the traditional style of economic thought, the habit of seeking the solution to a managerial problem by the usual path of extensive development, governs the matter.

Eradication of the diverse forms of dependency requires a closer correlation of resources with an enterprise's final work results, an intensification of material incentives and of responsibility for their rational use, and more active development of cost-accounting attitudes. Meanwhile, realistic cost accounting is hindered to no small degree by the trust of some workers in the omnipotence of administrative levers, again, by a belief long refuted by reality. In striving to substitute these levers for cost accounting and other economic methods of controlling production, such workers issue multitudes of orders and instructions which, in

essence, freeze the initiative of subordinates, transform them into simple executors, and prevent a creative attitude toward the job. And this means that they reproduce their own economic thought in them and train them to be "administrative supervisors."

The dynamicity of the economy, its elasticity, and a rise in the operating effectiveness of all its component parts are now determined and will be determined in no small degree by how rapidly the economic thought of each worker is restructured. It will be difficult to solve today's economic tasks responsively and in optimum fashion, unless one is freed from the freight of past notions.

It is understandable that changes in economic thought do not occur painlessly. They involve many reevaluations and the working out of new habits of management, which are accomplished with difficulty and not all at once. K. Marx wrote some time ago that the time interval between a change in conditions and a recognition thereof by people is more or less lengthy.

However, the importance of these changes is indisputable, and the necessity to bring them to a head was noted once more by the November CPSU Central Committee Plenum. And the material prerequisites for executing these changes exist. These prerequisites will simplify even more the improvement of the management mechanism that is now occurring. It is all the more important that the interval between changes in the material conditions of life and the reflection thereof in consciousness be minimized.

11409

CS0: 1820/70



## ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

### PROBLEMS OF COMPREHENSIVE IMPROVEMENT OF PROFIT DISTRIBUTION IN INDUSTRY

Moscow VESTNIK MOSKOVSKOGO UNIVERSITETA, SERIYA EKONOMIKA in Russian No 5, 1981  
pp 39-46

[Article by V.V. Sakharov]<sup>1</sup>

[Text] The improvement of the economic mechanism in accordance with the decree of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Raising Efficiency of Production and Quality of work" of 12 July 1979 is connected with activization of financial-credit relations.

An important role in the system of financial-credit levers belongs to distribution of profit. Profit-distribution relations are continuously being developed and improved in accordance with the concrete conditions and tasks of economic construction. At the present state of development of the economic mechanism, the directing of the profit of associations (enterprises) into the state budget and its use for the satisfaction of the internal needs of the economy must depend directly on the efficiency of operating the economy and stimulate its rise. In this connection, the interest of many scientists in the problems of profit and its distribution is natural.

Profit is a value category. Its material basis is surplus product. Profit, constituting a concrete form of existence of the surplus product also contains a part of essential product. This is due to the fact that in a socialist society the boundaries of the essential product are expanded and the reproduction of manpower is not restricted solely by the wage fund but also includes a part of public funds of consumption and material incentive directed to the disposal of material-production workers and formed from the net income of society, including profit.

Some economists, while correctly determining the source of the material-incentive fund as essential product, then unjustifiably assert that the contents of the fund are a part of the product for oneself. It is impossible to agree with this. Profit serves as the source of material-incentive funds as public consumption funds, while the latter, as we know, acts as a form of value of the product for society. Certain economists, although they assert that profit directed to the creation of incentive funds includes the value of essential product, however, they have considered up to now the nature of profit only as a form of value of the surplus product. In particular, Z.V. Atlas and V.Ya. Ionov assume that the substance of profit is the value of the surplus product, "that profit serves as a monetary form

of expression of the value of the surplus product."<sup>3</sup> D.A. Allakhverdyan adheres somewhat to this point of view.<sup>4</sup>

Many authors assert that profit in a socialist society has a single source of formation, namely surplus product; in confirmation of their views they cite the words of K. Marx stated in reference to capitalist society: "Net... income is surplus value; thus it is the surplus product, remaining after exclusion of wages and constituting realized capital and surplus value and the surplus product measured by it subject to division with the landowner."<sup>5</sup> They consider on this basis that "under the conditions of a socialist society net income may be defined as a common form of value of the surplus product and the part of the aggregate product and national income created in material production and measured by it."<sup>6</sup> Since profit is a form of net income, these authors conclude to the effect that in our society there cannot be elements of value of the essential product in the capacity of profit. But no basis exists for directly extrapolating the aforesaid concept in a socialist society, inasmuch as certain economic categories express not only a different social-economic nature due to the method of production and the character of production relations existing in it but also their functions and limits within the framework of different economic formations and do not quantitatively coincide.<sup>7</sup>

But in our opinion, the nature of profit is determined by its end use in public production. A criterion of referring any outlays to the essential or surplus product is what economic functions these outlays perform in the process of expanded reproduction. Since profit is used for the satisfaction of individual needs regardless of in what form (public consumption funds or material incentive funds), then this part of profit expresses the value of the essential product. The nature of the category "profit," its specific nature under socialism and planned character of use in practice determines the content of the functions of profit: valuational and stimulating.

Profit is not only a generalizing but also a value indicator characterizing the effectiveness of production-operational activity of associations and enterprises. But taking into account the contradictions found in profit as a value form of a part of the surplus and essential product, the effectiveness of management can objectively and most fully be characterized as a system of interrelated technical-economical indicators evaluating separate sides of the production-economic activity of associations.

Moreover, practice shows that profit can fulfill the function of evaluation of the economic effectiveness of production under certain conditions; with a scientifically based system of prices; with motivation of production collectives in the compilation and fulfillment of stressed profit plans; under conditions where that part of the profit is excluded which directly does not depend on the collective's labor conditions.

The stimulating function of profit may be considered in two aspects: as a source of formation of cost-accounting funds of stimulation and as an indicator of the basis for which bonuses are received.

Value categories influence the activity of associations not directly but by means of changing the sizes of deductions from profit going into incentive funds. Thus,



Profit acquires a special role as a source of formation of incentive funds and of creation of a stable financial situation. Significant possibilities of a stimulating effect on raising efficiency are also to be found in the system of payments out of profit into the budget.

An important problem of profit distribution is the determination of the factors of its formation. We mean from what sources it is obtained and to what degree it depends on the operation of enterprises. The mechanism of profit distribution at production associations should promote the equalization of the possibilities of normally operating production complexes for production of funds for the material incentive of workers and the development of production and ensure a stable formation of state budget revenues as well as the withdrawal of profit obtained illegally and not dependent on the efforts of production collectives. In certain socialist countries, a rule exists according to which profit obtained under conditions of violation of the conditions of its formation or of concealing it from taxation is either completely or partially withdrawn into the state budget. Thus, in the GDR, balance profit is first "cleansed" of profit obtained for reasons having nothing to do with the operation of enterprises.

With an economically validated approach to the determination of the makeup of distribution directions, their sequence and proportions, the system of profit distribution can be a powerful stimulation factor in growth of production efficiency at production associations. It should be noted that individual directions of profit distribution are insufficiently linked to the principles of its formation. This restricts their stimulating possibilities. A closer linkage of the process of formation and distribution of profit could play a determining role in increasing the responsibility of associations (enterprises) over the fulfillment of contractual obligations. It becomes advisable with this aim to take into account obtained fines, penalties and forfeits as a composite element of the process of profit formation, while paid sanctions are referred not to the entire sum of profit of the guilty party (that is, in the final analysis, to the state) and to establish a close connection between the sum of paid fines and that part of profit which remains at the disposal of the enterprise. Such an application is based on the varying functional role which received and paid sanctions fulfill.

Under the conditions of a socialist economy, profit serves as one of the important sources of revenues for the state budget. Payments out of profit into the budget are meant not only to provide for the formation of the general state fund of monetary resources but also to serve as an instrument for raising the efficiency of industrial production. From this point of view it is first of all essential to raise the role of active payments out of profit--payments for capital and fixed (rent) payments in order to create at associations (enterprises) stimuli for effective utilization of production resources presented for their disposal.

One form of profit distribution endowed with active stimulating possibilities is payment for capital. In its economic nature, it expresses economic relations between socialist society in the person of the state and the association (enterprise) as regards rational use of producer goods placed at its disposal. Consequently, payment for capital according to its functional designation is meant to stimulate efficient use of producer goods and thus contribute to a harmonious combination of the interests of individual production collectives with national interests. Such an aim of payment for capital is not always achieved. Proof of this exists in the

still high above-plan remnants of material stocks at associations (enterprises) and a certain reduction in output capital in recent years. Payment for capital has not become an effective factor for improvement of the use of producer goods inasmuch as favorable conditions were not created for the expansion of a truly cost-accounting content of said category. In particular, the low percentage rate of payment for capital and an undifferentiated approach to its determination has exerted an effect. The effect of payment for capital on the total volume of profit left at an enterprise and also directed into economic incentive funds was lacking. Moreover, an approach was practiced where, with economy relating to payment for capital, the other part of payments into the budget (net surplus) grew by the same amount. The latter, on the other hand, was reduced in the case of a corresponding "overfulfillment of plan" for payment. Cost-accounting economic interest has not been especially concentrated on reducing payment for capital due to efficient use of producer goods, inasmuch as the sum of the savings was not spread between it and the state budget but was beforehand completely excluded from distribution.

Among the measures for strengthening the role of economic factors and stimuli provided by the Decree of the CPSU Central Committee and the USSR Council of Ministers of 12 July 1979, the manner of collecting payment for capital was thought to be in need of further improvement. In fulfillment of production and profit plans with lower cost of capital than had been provided, the savings relating to payment for funds remain at the disposal of associations, enterprises and organizations, while payments made into the budget are reduced by this sum. This general direction is in need of concretization.

Today the opinion is quite widespread of the need of differentiating rates of payment for fixed and working capital. Such a position has a certain basis. First, practice of many years shows that in industry a ruble of growth of working capital exerts the same influence on increasing output of gross production as three plus rubles of fixed capital.<sup>8</sup> Under these conditions, establishment of the same payment for capital interests operational organizations in varying degree to find rational ways of its use.

Second, existing differences in the character of fixed production capital and working capital providing for big mobility of the latter make it possible for enterprises to more actively influence working capital.

Third, unity of technical policy and other positions create a situation in which at this stage improvement of the use of working capital compared to fixed capital depends to a large degree on enterprises.

An important direction of improvement in payment for capital should be the establishment of a direct interconnection between the size of collected payment for capital and the actual level of its use. With this end in mind, the planned sum of payment for capital should be reduced (increased) depending on the rise (lowering) of the level of output capital provided in the annual plans of associations (enterprises) compared to the targets of the five-year plan. The collection of payment for capital depending on the actual level of output capital of producer goods of enterprises will especially increase the stimulating action of this economic lever under conditions of normative profit of enterprises.

Under the conditions of transfer to the normative method of profit distribution, it would seem advisable to include payment for capital in the budget from the profit remaining at the establishment according to the established norm for satisfaction of internal needs. Deviations of the actual sum of payment for capital from its planned size should be tied in to the fund for development of production.

The impossibility of separation of the factors influencing profit into those dependent and not dependent on the operation of enterprises has created significant difficulties for the functioning of the second form of normative payments, that is, fixed (rent) payments. With their aid an attempt was made to withdraw into the budget additional net income whose formation in the sectors of the extractive industry is due to natural factors and where fixed payment is of the sharply expressed rent character. The economic basis of introducing fixed payments in sectors of the processing and refining industry is the necessity of withdrawing that part of profit whose formation is caused by factors not directly depending on production activity (more favorable transport and technical-economic conditions of operation as well as the price factor). These payments were introduced for regulating the level of profitability and creating state enterprises under relatively equal conditions of operation and formation of incentive funds.

The decree of the CPSU Central Committee and the USSR Council of Ministers of 12 July 1979 prescribes as one of the chief tasks assurance of stability of wholesale prices for the five-year plan. Under these conditions the necessity arises for wider introduction of fixed payments and improvement of the method of their computation.

The entire difficulty of the problem lies in how to formulate and economically validate factors that have affected profit size outside the efforts of the collective. The determination of such technical-economic factors is lacking. An instruction of the USSR Ministry of Finance recommends the use of approximate conditional methods.<sup>9</sup> In practice, fixed payments act as mechanical withdrawal of a part of profit from enterprises exceeding the average level for the group, which reduces the interest of an enterprise in increasing the amount of profit and does not serve as an incentive for raising efficiency of production.

With the appearance in practice of profit distribution through fixed payments, it was proposed to unite them with the turnover tax. It was due to allegedly existing coincidences of the functions of these payments. In our view, such a proposal has no validity. Despite the fact that the purpose of the turnover tax and fixed payments is to regulate profitability levels, they do not coincide either in terms of factors determining their nature or in terms of functions they perform. The existence of the turnover tax is connected first of all with the special features of sale of products and that of fixed payments with production factors.

On the whole, the question of effectiveness of finance payments into the budget requires a comprehensive solution on the basis of improvement of the whole system of financial relations and in particular of the use of profit for internal needs.

The influence of that part of profit on efficiency of industrial production which remains at the disposal of the establishment largely depends on the manner of its use for economic stimulation. The covering of planned expenditures of associations



(enterprises) at the expense of profit puts the fulfillment of plan targets in direct dependence on the results of work. At the same time, such a manner of using profit increases the accountability of the collectives of enterprises to society for effective utilization of resources put at its disposal and serves as a stimulus for the achievement of higher production results.

Profit is the second source in size (following amortization for renovation of fixed capital) for the formation of the fund for development of production. It serves not only for the reproduction of fixed capital but also as an economic lever in boosting the efficiency of their use. With the aid of profit, the fund for development of production is tied in to the results of the operational activity of enterprises and associations.

But the task of further improvement of norms of assignments from profit into the fund for development of production for the purpose of increasing its stimulating effect on improvement of economic indicators of operation of associations (enterprises) remains as urgent as before. The existing procedure of forming a part of the development fund from profit depends on fulfillment of plan for this indicator. At the same time, well-functioning associations (enterprises) find themselves in the most favorable conditions. But the successful fulfillment of production indicators does not attest to the urgency of development of the production apparatus. At the same time, associations of low profitability, with an insufficiently developed production base and in need of stable financial resources, will be unable to carry out necessary measures for reequipping of production.

Norms of assignments from profit into the fund for development of production should be established for industrial sectors with consideration being given to the special features of development of each sector and the prospects of its reequipping. The formation of a development fund in regard to assignments from profit should be done with account being taken of dependence of growth of production volume on the size of growth of the active part of fixed capital as well as of the system of fund-forming indicators reflecting the use of production capacities and fixed capital. This will make it possible to reveal the real requirements of associations for funds for the expansion of production.

The situation existing at the present time has created the necessary economic conditions for increasing the cost-accounting interest of enterprises in the results of operational and financial activity and for the timely replacement of expended own working capital. In addition to extension of time (from two to three years) of granting of credit for making up of an insufficiency of own working capital, it was established that loans are issued on the basis of a credit agreement concluded between an association (enterprise), on the one hand, and an establishment of Gosbank, on the other. The credit agreement provides for the size of the loan and the time period of paying it back by years, a list and times of conducting organizational and technical measures aimed at producing additional profit in conformity with the targets of the ministry or department, calculation of additional profit and other conditions of credit extension.

But according to the data of a survey of Gosbank establishments, as of 1 January 1979 an insufficiency of own working capital was found at 513 enterprises and associations, in 420 (82 percent) of which it occurred as the result of nonfulfillment

of plan of accumulations and above-plan expenditures from profit. The total sum of the deficiency was set in the amount of 127 million rubles, including for reasons providing the right of obtaining credit for its temporary making up--106 million rubles, or 83 percent. Credit was issued in the amount of 62 million rubles for making it up. Actually, in the course of the year only 12 million rubles were reimbursed. These data show that bank credit insufficiently affects the restoration of expended own working capital by associations (enterprises).

The main reasons for such a situation are: insufficient attention paid by the superior organization to the question of replacement of expended own working capital by enterprises and associations; the absence in the financial plans of certain enterprises and associations of supplementary profit aimed at the repayment of the bank credit; weak control over timely and proper development of organizational and technical measures for the production of additional profit by enterprises and associations for the purpose of making up the permitted shortage, in which connection many operational organs present a bank with a plan of such measures that would not ensure the replacement of the lost capital; the absence of requisite responsibility for the accomplishment of the outlined organizational and technical measures along this direction; insufficient attention paid by individual ministries and departments to timely and proper planning of credit for the temporary making up of the shortage of own working capital.

It is necessary for ministries and departments to occupy themselves more with the problem of replacement of own lost working capital by subordinate enterprises and associations and to more deeply investigate the content of the organizational and technical measures worked out by them that were aimed at producing additional profit and restoring lost capital and to systematically control the course of their fulfillment in accordance with the concluded credit agreements.

In this question we share the opinion of economists proposing the establishment of a procedure according to which enterprises permitting a shortage of own working capital would receive without fail at the time of its occurrence a loan for temporarily making up the occurring shortage. The development of organizational and technical measures for the purpose of producing supplementary profit would serve as assurance of the given loan. If the production of supplementary profit is not ensured, repayment of the bank loan would be done through a reduction of up to 30 percent of assignments into economic stimulation funds.

#### FOOTNOTES

1. The article was written on the basis of a planned scientific report that was discussed at the Scientific Council of Moscow State University entitled "Cost Accounting and Improvement of Economic Stimulation of Production" with the participation of specialists of the USSR Ministry of Instrument Making, Automation Equipment and Control Systems, the USSR Ministry of Power Machine Building, the USSR Ministry of Heavy and Transport Machine Building and the Scientific-Research Institute of Finance of the USSR Ministry of Finance.
2. See: Osad'ko, M.P., "Proizvodstvo i raspredeleniya neobkhodimogo i pribavoch-nogo produkta v kommunisticheskom obshchestve" [Production and Distribution of Essential and Surplus Product in Communist Society]. Moscow, 1967, p 71.

3. Atlas, Z.V. and Ionov, V.Ya., "Effektivnost' proizvodstva i rentabel'nost' predpriyatiya" [Efficiency of Production and Profitability of the Enterprise]. Moscow, 1977, p 82.
4. See: Allakhverdyan, D.A., "Finansovo-kreditnyy mekhanizm razvitogo sotsialisticheskogo obshchestva" [The Finance-Credit Mechanism of Developed Socialist Society]. Moscow, 1976, p 69.
5. Marx, K. and Engels, F., "Sochineniya" [Works], Vol 25, Part II, p 409.
6. Kondrashov, D.D. and Kondrashov, G.D., "Pribyl', tsena, khozraschet" [Profit, Price, Cost Accounting]. Moscow, 1969, p 32.
7. See: Marx, K. and Engels, op cit, p 448.
8. See: Fedorenko, A.P., "Nekotoryye voprosy teorii i praktiki planirovaniya i upravleniya" [Certain Question of Theory and Practice of Planning and Management]. Moscow, 1979, p 293.
9. Instruction of the USSR Ministry of Finance No 125 of 28 December 1978 "On a Procedure of Computing and Payment into the Budget of Fixed Payments."—BYUL-LETEN' NORMATIVNYKH AKTOV MINISTERSTV I VEDOMSTV, No 9, 1979, pp 19-27.

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## PLANNING AND PLAN IMPLEMENTATION

### ADJUSTMENTS IN ECONOMY ENVISAGED

Moscow EKONOMICHESKAYA GAZETA in Russian No 49, Dec 81 p 2

[Unsigned article: "The Strategy of Moving Forward"]

[Text] The 26th CPSU Congress was an outstanding event in the life of the party and of all the Soviet people. The November (1981) Plenum of the CPSU Central Committee served as a direct continuation of the work of the congress.

The Plenum studied and for the most part approved the draft of the State Plan of Economic and Social Development of the country for the 11th five-year period. In it the directives of the 26th party congress are concretized with reference to the first half of the '80s. The Plenum likewise approved for the most part the draft of the 1982 plan and budget of the Soviet state. The sixth session of the USSR Supreme Soviet of the 10th convocation adopted the laws on approval of the state plans and the budget. The party and all the Soviet people received with enthusiasm and warm approval the speech of Comrade L.I. Brezhnev at the Plenum of the Central Committee, the decree of the Plenum and the decisions of the USSR Supreme Soviet session as a concrete program of action for the further advancement of our society on the road to communism.

#### The Five-Year Plan of Construction

The general economic indicators of the five-year plan correspond to the directives of the 26th congress. The scale of production is growing significantly and stable rates of development are set forth. During the years of the five-year plan, the national income will increase 18 percent, industrial production output—26 percent, gross agricultural production (computed on an average yearly basis)—13 percent and freight turnover—19 percent.

The 11th Five-Year Plan provides for progressive changes in the structure of the national economy, allocation of productive forces and the creation and development of large regional production complexes. Industry, especially heavy industry—the foundation of the country's economic power—is being raised to a new level.

Special attention is being paid to the development of basic sectors of industry, particularly fuel and power. Production of electric power will be increased by 160 billion kilowatt-hours. More than 70 percent of the total growth of its production is planned for atomic and hydroelectric power stations and for the European part of the country—almost its entire growth. On the basis of the use of the



coal of open-pit mining of Ekibastuz and Kansk-Achinsk basins large thermal electric power stations will be built, while powerful hydroelectric power stations have been built on the rivers of Siberia, the Far East and Central Asia. Gas production will grow especially significantly--45 percent--and will reach in 1985 something like 630 billion cubic meters. Three-fifths of the gas produced toward the end of the five-year plan will come from the Western Siberian complex.

Qualitative improvement of production will be helped by the advancing growth and rising share in total industrial production output of sectors determining scientific-technical progress, such as machine-building, metalworking, the chemical and petrochemical industry and others. The production volume, for example, of machine building and metalworking will increase 1.4-fold. This will make possible the deliveries of new highly efficient and economic machines to all sectors of the national economy.

The chemicalization and electrification of production will be carried out on a broad scale. The production of plastics and synthetic resins will reach 6.1 million tons in 1985 and that of mineral fertilizers--150.8 million tons (in conventional units). The power-worker ratio will grow in all sectors, for example, 1.5-fold in agriculture.

The solution of the food problem is of special importance to the satisfaction of the population's needs. It, as Comrade L.I. Brezhnev has emphasized, is the central problem of the entire five-year plan both on the economic and on the political plane.

The eighties herald a new important stage in the development of agriculture. The decisions of the 26th congress indicate the need of a proportional and balanced development of the sectors of the agroindustrial complex as a single whole and of the organization of their clear-cut interaction. Accelerated rise of agriculture constitutes the basis of development of the agroindustrial complex. The average yearly annual yield of grain for the five-year plan will grow by almost 35 million tons and meat production by more than 2 million tons. The increased yield of agricultural crops will be basically achieved through growth of crop capacity and increased yield of animal-husbandry products through higher productivity of cattle and poultry.

To ensure the planned rate of development of agricultural production and strengthening of its material-technical base, almost 190 billion rubles are being allocated for the entire complex of operations.

One of the significant features of development of the agroindustrial complex during the 11th Five-Year Plan is an increase in the share of resources allocated to the sector, providing agriculture with the means of production and the sectors engaged in processing with preservation of agricultural products. Special attention will be devoted to raising the efficiency of utilizing the resources allocated for the development of agriculture and the other sectors of the agroindustrial complex.

Construction workers face responsible tasks. The chief of them here is to reduce the start-up time in the operation of installations, to sharply reduce unfinished construction and to raise the quality of work. With the increase of state capital investment by 11.2 percent, the start-up of new fixed capital will grow 21 percent.

## A Policy of All-Out Intensification

The 11th Five-Year Plan is an important stage in the realization of the party's most important directive--raising efficiency of production and shifting the economy to a primarily intensive path of development.

The main feature of this is all-out acceleration of scientific-technical progress. A policy of better utilization of all forms of production resources and the existing production potential forms the basis of the five-year plan. Targets for speeding up scientific-technical progress and measures for increasing the return on capital investment, boosting the share of resources allocated for the reequipping and renovation of production and maintaining the strictest regime of economy have this for their objective.

The five-year plan sets high targets for indicators of production efficiency. Acceleration of the growth rate of labor productivity and boosting the role of this factor in growth of national income and industrial production are planned. Productivity of social labor will grow almost 18 percent in the five years, which should provide conditional labor savings of roughly 15 million annual workers. At the same time, the initially designated volume of capital investment and construction-installation work, it is thought, can be practicably reduced by 30 billion rubles. The five-year plan consequently provides for an increase in the yield of resources designated for the expansion and improvement of the country's production potential.

Ministries and departments and union republics must devote the utmost of attention so that they emerge on the level of the targets of the five-year plan for development of production with less capital investment, with a smaller growth in the number of workers and with lower outlays of material resources. In most sectors, production growth is to be achieved only through growth of labor productivity, that is, without an increase in the number of workers.

One of the decisive directions of intensification is to be found in reduction of material intensiveness of production, all-out economy and efficient use of raw material, fuel, power and other products and involvement of secondary resources in economic turnover. In 1985, savings are to be provided in excess of 200 million tons of conventional fuel. This is almost equal to the volume of fuel production in the prewar 1940.

In order to solve such a major and difficult task, it is necessary to implement a system of measures for significantly reducing material outlays in production output, work and services and to already obtain a return from them in the following year. Forced targets for economy of fuel, metal and other material resources were passed to all ministries and union republics; with this being taken into account, the volume of material-technical supply of resources was allocated according to plan.

## For the Benefit of Man

The growing interconnection of economic and social progress, characteristic of a developed socialist society, assures a leading place in our social-program plans. The broad social program brought out by the party for the 11th Five-Year Plan is permeated with deep concern for man. It encompasses all sides of the life of the

Soviet people and provides for the creation of favorable conditions for high labor productivity and growth of the population's income and consumption, improvement of its housing and living conditions and a raising of the educational and cultural level.

In the 11th Five-Year Plan resources are being significantly increased that have for their goal a rise in the well-being of the people. Over the five years, the consumption fund will be increased by 73 billion rubles, while its share in the national income in 1985 will reach 78 percent versus 75.3 percent in 1980. In a calculation for 1985, something like 16.6 billion rubles, which is more than for the 10th Five-Year Plan, are being allocated for new centralized measures for raising the living standard.

One of the generalizing indicators of the living standard of the Soviet people is real income whose growth over the five-year period will amount to 16.5 percent. The chief source of growth of income is wages. The average monthly earnings of workers and employees in the national income will increase 14.5 percent during the five-year period and the earnings of kolkhoz farmers in socialized farming--20 percent. Major statewide measures have already been started for raising and improving wages. Thus, with the start of 1982--in the course of simultaneous acceleration of reequipment--rates and amounts in the coal industry are being increased.

A growing role in the satisfaction of the needs of the Soviet people is being played by public consumption funds. By the end of the five-year plan, their amount will be 144 billion rubles--23 percent greater than in 1980. Centralized measures are being carried out at the expense of these funds for the expansion of state assistance to families with children, working mothers, newly-wed women and also for further improvement of pension provisions for the population.

In continuing the policy of growth of the population's income, wages, pensions, the party attaches primary importance to improving the supply of consumer goods to the population. Interruptions still are to be found in the supply to the population of meat, dairy products, cotton fabrics and a number of other goods. The five-year plan provides for the realization of the task set by the congress of more complete balancing of solvent demand against commodity resources and paid services. Provision has been made for advancing group B to a certain extent with respect to group A, as this is prescribed in the Basic Directions of Economic and Social Development of the USSR for 1981-1985. Retail goods turnover of state and cooperative trade will achieve 345 billion rubles in 1985 and its growth during the five-year period will be greater than in the preceding five years. The volume of consumer services offered to the population will be increased 44 percent.

Major importance in the social program of the 11th Five-Year Plan is attached to the solution of the housing problem. There will be built in the five years 530 million square meters of general housing area. The transition to the erection of dwelling houses according to standard plans with improved planning of accommodations will be essentially completed. Special attention is being paid to expansion of housing construction in the eastern regions of the country and in rural localities.

Education and health care will undergo further development during the 11th Five-Year Plan. It is planned to implement a complex of measures for strengthening their material base.

Major concern is being shown for improvement of the natural environment. During the 11th Five-Year Plan, it is planned to spend for these purposes more than 10 billion rubles of state investment.

#### Party Plans—People's Plans

The fulfillment of large-scale tasks relating to economic and social development of the country requires of each sector and each union republic, kray, oblast, city and rayon and of all labor collectives increased efforts at making fuller use of resources and means.

L.I. Brezhnev in a speech at the November (1981) Plenum of the CPSU Central Committee pointed out: "It is necessary to work better. To better compile plans and to better fulfill them. To better organize production and to produce better. In a word, to work more efficiently." This in the final analysis is basic and decisive. The organization of plan fulfillment and the further improvement of management and of the entire economic mechanism is now becoming a most important factor. But much remains to be done in this field.

The November (1981) Plenum of the CPSU Central Committee pointed out the need of bringing the entire economic mechanism in conformity with the new requirements. It is required to improve planning, to increase the interest of enterprises and associations in the development of forced plans, acceleration of scientific-technical progress and improvement of production quality.

Now concrete and substantiated tasks have to be brought to all labor collectives, all workers and measures to be planned that ensure their fulfillment. A clearly defined aim and perspective of development will serve as a reliable guarantee of the fact that labor enthusiasm of the masses will be directed to the fulfillment of the set tasks.

It is now necessary to concentrate attention on the successful completion of the current year and to organize socialist competition for ahead-of-schedule fulfillment of the targets of the five-year plan and for the attainment of high end results. With the adoption of the five-year plan, a good basis was created for the attainment of big advances for the five-year plan by each collective. Counter plans and socialist commitments should be formed in relation to concrete targets of the five-year plan for the requisite year of the five-year period. Evaluation of the work of labor collectives should be carried out primarily on how the five-year plan is being fulfilled. It was also established that higher rewards would be received those collectives of enterprises and associations that fulfill ahead of schedule targets of the five-year plan and make provision for exceeding them through counter plans. Assessment of work is made primarily on the basis of qualitative indicators--growth of production, reduction of material outlays, raising of production quality.

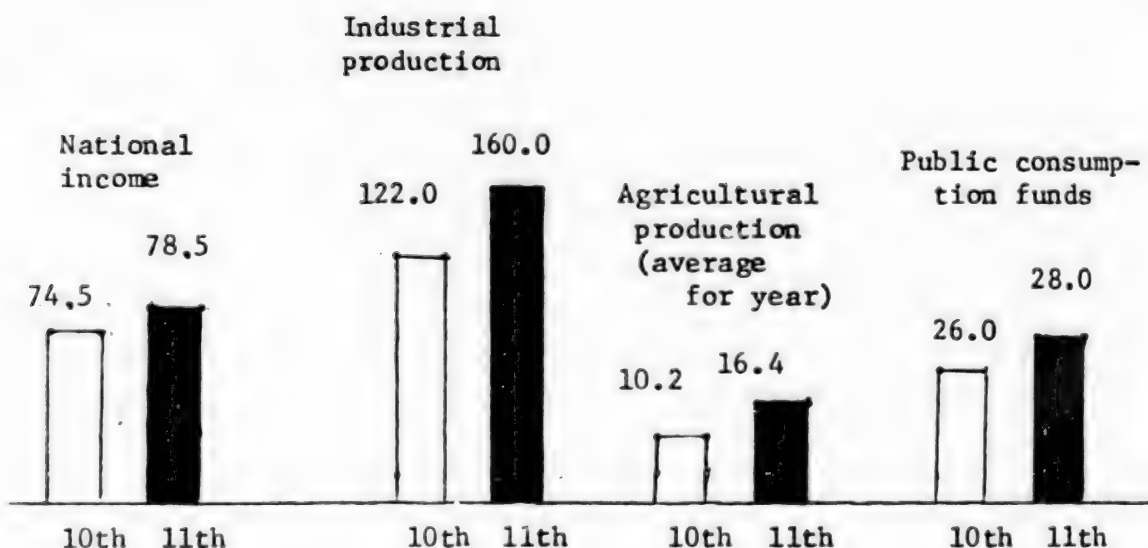
Much in the work relating to fulfillment of the targets of the five-year plan depends on organization of work at work places, in brigades and in sections. New forms of brigade labor organization with payment for the end product, which have proved themselves in practice, should be actively introduced. During the 11th



Five-Year Plan, the brigade form of labor organization and remuneration is to become basic, but much remains to be done in this direction. It is no secret that at a number of labor collectives, this major and important work is still being approached shyly, without sufficient determination.

The development of the new form of labor organization and stimulation must provide for expansion of individual initiative and responsibility by workers and for ensuring of efficient placement of people. "We," L.I. Brezhnev said at the Plenum of the CPSU Central Committee, "possess everything for successful work: highly developed productive forces, social-political and moral unity of the Soviet people, an efficient strategy of going ahead that has been embodied in the decisions of the congress. The task now is to have the whole party raise still higher the level of organizational work in the field of economic construction.

Indicators of Absolute Growths During the 10th and 11th Five-Year Plans  
(in billions of rubles)



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## INVESTMENT, PRICES, BUDGET AND FINANCE

### PROGRESS IN FULFILLMENT OF 1981 BUDGET

Moscow FINANSY SSSR in Russian No 11, Nov 81 pp 3-7

/Article: "Successfully Complete the Fulfillment of the Budget"

/Text/ The year of 1981--the first year of the new, 11th Five-Year Plan--is drawing to a close. It is the year of the historic 26th CPSU Congress. The Soviet people received with enormous satisfaction the decisions of the congress and the plans of the party for the coming 5-year period and the period to 1990, which are aimed at the steady increase of the material and cultural standard of living of the people and the creation of the best conditions for the all-round development of the individual on the basis of the further increase of the efficiency of social production.

The course of the fulfillment of the plans and socialist obligations by the sectors of the national economy attests to a successful start of the 5-year plan, the further development of the Soviet economy and the increase of the material and cultural standard of living of the people.

The volume of industrial production in 8 months of 1981 as compared with the corresponding period last year increased by 3.3 percent. Labor productivity in industry grew by 2.6 percent. More than four-fifths of the increase of industrial production was obtained due to this. The plans on the profit were fulfilled, a decrease of the production cost was ensured.

Fixed capital worth in excess of 40 billion rubles was put into operation by means of state capital investments, which in 8 months increased by 4 percent as compared with the corresponding period last year and came to more than 72 billion rubles.

In conformity with the task set by the 26th CPSU Congress of increasing the well-being of the Soviet people the further increase of the production of consumer goods was ensured, their quality was improved and the assortment was enlarged. In 8 months of the current year the production of garments increased by 4 percent, high quality dishes--9 percent, televisions--9 percent and furniture--5 percent. This ensured the exceeding of the plan of the retail commodity turnover of state and cooperative trade. Its volume as compared with January-August 1980 increased by 5.4 percent. The average monthly wage of workers and employees increased by 2.3 percent, the pay of kolkhoz farmers increased by 4 percent.

The confident start of the 5-year plan is convincing evidence of the practicability of the plans outlined by the party.

The achievements in the development of the national economy provided a firm basis for the successful fulfillment of the USSR State Budget. During the first half of the year the plan of the receipt of monetary assets was fulfilled by 102.1 percent.

The plan on revenues was fulfilled by all the union republics. This made it possible to finance completely and continuously all the envisaged measures on the development of the national economy, the increase of the well-being of the people and the strengthening of the defensive capability of the country, to allocate assets for the making of additional expenditures and to give financial assistance to the enterprises and organizations which needed it.

Much purposeful economic work is being performed by the administrations and departments of the USSR Ministry of Finance. Internal economic reserves in the amount of about 3 billion rubles, which were allocated for covering the shortage of internal working capital and meeting other needs, as well as for increasing the revenues of the budget, were found in 1980 just when analyzing the financial and economic activity of ministries and departments.

Much has certainly been done, but even more has to be done. The party, while aiming at the increase of the achieved gains, is teaching people to see the unsolved problems and shortcomings and is calling upon them to direct all thoughts and concern toward the tasks of tomorrow.

Financial organs have to ensure the further conducting of work which is connected with the adoption of the set of measures on improving the economic mechanism and strengthening its influence on increasing production efficiency and work quality in conformity with the decree of the CPSU Central Committee and the USSR Council of Ministers of 12 July 1979.

Particular attention should be directed to questions of the preparation and change-over of individual structural subdivisions and sectors of industry to the standard method of distribution of the profit, the planning and evaluation of the activity of enterprises according to the indicator of the standard net output and the determination of the wage fund according to the standards per ruble of commodity output.

The soundness of the calculations on the determination of the standards of working capital and the correctness of the completion of the passports of production associations and enterprises should be checked carefully.

The in-depth study by financial organs of the influence of the new methods of management, indicators and standards on the overall results of the activity of enterprises and associations and the elaboration of sound suggestions and recommendations will promote the further development of cost accounting, the improvement of the production activity of enterprises and the improvement of the practice of the financing of the national economy.

For the successful fulfillment of the USSR State Budget for 1981 it is necessary to continue to work persistently, achieving the utmost mobilization of internal economic reserves and the tightening up of the policy of economy in the national economy, and to seek means to increase the production of consumer goods.



The achieved gains are creating a firm basis for the accomplishment of new, greater and more crucial tasks. At the final stage of the fulfillment of the budget of this year it is important not to permit the slackening of the pace in work and to focus the main attention on unsolved problems and tasks and on the elimination of the lag in individual units and sections. The matter must be organized so as to eliminate the shortcomings completely by the end of the year and to ensure the creations of the conditions which rule out the possibility of their repetition in the future.

As a rule, those collectives of financial and insurance organs, which are dealing with the work creatively and are displaying a high level of organization and discipline, are achieving the best indicators. It is necessary to constantly study, generalize and disseminate extensively the know-how of the leaders.

Along with the achievements in the work on the fulfillment of the budget of the current year there are also shortcomings. The overall positive results should not overshadow the negative phenomena in the activity of some enterprises.

Particular attention should be directed to the enterprises, associations and organizations which are not fulfilling the plan assignments, particularly those which are operating worse during the second half of the year than at the beginning of the year. This cannot but affect the revenues of the budget. The largest amounts of the nonfulfillment of the plans of payments from the profit are forming with respect to the enterprises of ferrous metallurgy, the chemical, petrochemical and petroleum refining industries, machine tool building and several others.

The worsening of the work of some enterprises at the end of the year in many ways is still connected with the fact that the plan assignments are distributed unevenly, their most intense part falls to the second half of the year.

Financial organs should not pass over cases of the uneven distribution of assignments during the year and the understatement of the plans for the first months and quarters. This unsound practice creates during the year the appearance of external well-being, hinders the mobilization of collectives for the search for reserves, checks the overall rate of development and should be stopped in every possible way. It is necessary to strive persistently for the fulfillment of the plan and not to count on its adjustment at the end of the year.

The plan on the turnover tax is not being fulfilled by some sectors of industry--the textile, footwear and several other sectors. During the first half of the year they paid more than 90 million rubles short in the turnover tax.

A number of financial organs did not cope with the assignments on the mobilization of revenues for the budget. In the Ukrainian SSR the plan on the turnover tax during the first half of the year was not fulfilled for seven sectors of industry, in the Tajik and Armenian SSR's--for four. The financial organs need to establish at each enterprise the causes of the nonfulfillment of the plans on payments from the profit and the turnover tax and to seek resources for the increase of the production of goods and the more complete loading of production capacities. The matter must be organized so that the annual plan would be fulfilled by all enterprises. At the same time as this steps should be taken to tighten up payment discipline and to step up the monitoring of the timeliness of the transfer of payments to the

budget. Strict payment discipline is an indispensable condition of the fulfillment of the plan of state revenues. In 1980 financial organs did much to ensure the timely making of payments to the budget, and the arrears for all types of revenues were reduced considerably. At the same time on the reporting and payment dates their amount is still great, primarily with respect to the payments from the profit to the union and republic budget. This pertains first of all to the financial organs of the RSFSR, where the arrears on 1 July 1981 came to 14.3 million rubles, the Azerbaijan SSR--2.9 million rubles, the Georgian SSR--1.6 million rubles and several others.

One of the causes of arrears is the decrease of the demandingness on the managers of enterprises and economic organizations for the timeliness and completeness of the transfer of payments to the budget. Instances are encountered, when enterprises and organizations even with the availability of assets in current accounts have violated the deadlines of the delivery of payment authorizations to institutions of Gosbank. The managers of financial organs and all workers should constantly remember that the state budget is a law and every ministry, department, institution and enterprise is obligated to meet its obligations precisely and strictly, to make the established payments in full and in good time, to observe strictly the policy of economy and thrift in the spending of state assets. The demandingness on the managers of economic organs, who do not ensure the making of payments to the budget on the set dates, should be increased, the causes of the formation of arrears should be identified, prompt steps on their elimination should be taken and measures, which ensure their prevention in the future, should be elaborated.

The questions of the further increase of the production of consumer goods, the improvement of the assortment and the increase of their quality deserve the most serious attention. In 9 months of the current year suggestions on the additional production of mass demand goods and the increase of the retail commodity turnover by 1.4 billion rubles were elaborated jointly with the planning organs of ministries and departments and the economic services of enterprises and organizations, which made it possible to increase the revenues of the budget by 500 million rubles. Financial organs need to strive in the future to step up the work on the search for additional means to increase the output of goods by means of the internal reserves of enterprises and the economy of raw materials and materials, as well as by means of local sources of raw materials, and to elaborate proposals on the improvement of the quality and the enlargement of the assortment of items. The analysis of the reporting data and the materials of checks attest that at many enterprises these reserves are not being fully utilized. In particular, given the overall exceeding of the assignments on the volume of sold products and the output of the main types of goods in physical terms a large group of enterprises did not cope with the plan. For example, in light industry during the first half of the year 8 percent of the enterprises were such enterprises, in the fish industry--13 percent.

In the production of cultural, personal and household goods an important role belongs to enterprises of heavy industry and machine building. However, for some types of goods a number of enterprises of these sectors regularly do not fulfill the production plans. Take, for example, the Ministry of the Automotive Industry. This year the plan of the production of bicycles, spare parts and parts for motorcycles and motor scooters and for several other items is being unsatisfactorily fulfilled here. Financial organs need to study carefully the causes of this situation for the elaboration of suggestions which are aimed at the increase of the

output of products and to report on the shortcomings in the financial and economic activity of enterprises to their superior organizations. Reserves for increasing the output of consumer goods exist at every enterprise. They are the maximum economy of raw material and material resources, the efficient use of fixed capital and production capacities, the decrease of production waste and its recovery, the more complete utilization of local sources of raw materials and materials and the decrease of losses of working time.

The tightening up of the policy of economy and thrift in the national economy is of great importance for the successful fulfillment of the budget. The 26th CPSU Congress proclaimed the policy of economy to be one of the main principles of the economic strategy of the party for the future. The further successful development of the economy, the increase of its efficiency and the increase of the well-being of the Soviet people depend on the ability to manage assiduously. "The economy should be economical--such is the requirement of the times," Comrade L. I. Brezhnev emphasized at the party congress. It is a question first of all of the saving of working time, raw materials and materials, a practical attitude toward fixed capital and the decrease of the material and labor expenditures per unit of output.

Attaching great importance to questions of the economical and efficient use of all types of raw materials, materials, fuel and energy, the CPSU Central Committee and the USSR Council of Ministers in July 1981 adopted the decree "On the Stepping Up of the Work on the Economy and Efficient Use of Raw Material, Fuel, Energy and Other Material Resources." A detailed program of specific measures, which are aimed at the increase of production efficiency and the intensification of the economy, is given in this decree, which was drafted on the basis of the decisions of the 26th CPSU Congress. The decree directs the attention of economic, planning and financial organs to the need for the assurance of the more rapid increase of production as compared with the increase of the expenditures on it, the utmost decrease of the power-output and materials-output ratios of production, the sharp decrease of waste and losses of raw materials and materials and the more complete utilization of secondary resources and byproducts.

Under these conditions the work of financial organs on the analysis and monitoring of the efficiency of the use of material resources and the decrease of their losses in production, transportation and storage is acquiring great importance.

The materials of checks show that instances of the wasteful use of material resources are occurring in some sectors of industry. The norms of raw materials for the production of some types of products have not been revised for a long time and often are set without regard for the actual consumption and achieved economy. In these instances they do not stimulate the collectives of enterprises to save material resources, in connection with which the excessive consumption of raw materials and materials is permitted.

The complete use of raw material resources and the reduction of waste products, which are still great, especially in the extractive sectors and machine building, are an important reserve for the decrease of production costs. In particular, in the case of shaft mining more than 20 percent of the iron ore is left in the ground. The utilization ratio of rolled ferrous metal products in machine building is increasing slowly, scrap metal amounts to 28 percent of the consumption of metal.<sup>1</sup> Therefore, the elaboration and adoption at enterprises of scientifically

1. PRAVDA, 13 February 1981.

sound rates of consumption of raw materials and materials, the replacement of expensive, as well as scarce raw materials with less expensive ones, the decrease of production waste, the elimination of all kinds of losses and unproductive expenditures and the decrease on this basis of the expenditures on the production of output are a priority task. In making their contribution to the solution of this problem, financial workers should constantly remember that the drive to decrease the production cost is one of the most important conditions of the increase of social production and accumulations in the national economy.

Unproductive expenditures and losses from defective production have a significant influence on the level of expenditures on production and the profitability of products. It is necessary to improve the results of checks and surveys on these questions. In case of the identification of shortcomings and cases of mismanagement specific proposals on the assurance of the efficient use of material resources, the reduction and elimination of losses of working time, while striving for a decrease of the unprofitability and an increase of the profitability, should perforce be elaborated.

This year great tasks on the assurance of the timely financing of measures, which are aimed at the further development of agriculture, as well as on the stepping up of the monitoring of the use of financial resources in this sector face financial organs. Particular attention should be directed to the practical implementation of the main provisions of the decree of the CPSU Central Committee and the USSR Council of Ministers of 14 November 1980, "On the Improvement of the Planning and Economic Stimulation of the Production and Procurement of Agricultural Products." A number of measures on the increase of the efficiency of the work of the sector and on the improvement of planning work and the economic stimulation of the production and sale to the state of agricultural products are called for by this decree. In conformity with the adopted decision additional financial assistance is being given this year to agriculture, the purchase prices for many types of products are being increased and the repayment of the debt on bank loans has been deferred. Financial organs are called upon to take an active part in the implementation of the adopted decisions and to set up effective monitoring of the efficiency of the expenditure of the allocated assets, as well as the formation and use of economic stimulation funds.

The successful fulfillment and exceeding of the USSR State Budget for 1981, the first year of the 11th Five-Year Plan, will be a worthy contribution of the workers of financial organs to the implementation of the historic decisions of the 26th CPSU Congress.

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## INVESTMENT, PRICES, BUDGET AND FINANCE

### USE OF SAVINGS BANK FUNDS DESCRIBED

Moscow IZVESTIYA in Russian 29 Nov 81 p 2

/Article by V. S. Zakharov, chief of the Department of Credit and Money Circulation of the USSR Ministry of Finance: "Money in the Savings Bank"/

/Text/ For many years I have used the services of the savings bank and consider such a form of saving very convenient. It seems to me that without a savings book my husband and I would not have been able to save money for many needed things such as are present in our home. But then a woman neighbor took me aback with the "news" which she heard somewhere on a bus: the interests of depositors will ostensibly be hurt. She even withdrew her deposit from her account. In case. But what is this case? I, of course, do not believe idle rumors, but is there, perhaps, something behind them? I ask for a response.

T. Belova, Stavropol'

The editorial board acquainted V. S. Zakharov, chief of the Department of Credit and Money Circulation of the USSR Ministry of Finance, with this letter. We are publishing the response sent by him.

First of all I should say that the rumors about possible harm to the interests of depositors or holders of bonds of state loans, which are arising here and there, are absolutely unfounded. The state guarantees the safety of the monetary assets of the population in savings banks, as well as the observance of the terms of loans. As is known, while saving monetary assets, the population is not declining to use the obtained income, but is postponing its outlay in order to meet its needs in the future. Savings under socialism promote the most efficient organization of personal budgets and the further increase of the standard of living of the people.

The formation of savings results from different factors. In most cases they are of a special-purpose nature--they are intended for the acquisition of expensive goods, the payment of an entrance fee to a housing construction cooperative, the purchase of a tourist pass and so on. The party and the state are constantly displaying concern about the labor savings of the population. People of the older generation remember well that with the implementation of the monetary reform in 1947 the deposits of the population in savings banks and Gosbank and the bonds of state loans were revalued on considerably more favorable terms than cash.

The decision on the early repayment of the loans placed by subscription among the population in 1947-1956 was a new display of the concern of the party and the state about the savings of workers. As is known, the repayment of these loans was postponed for 20 years, it was intended to begin it in 1977. In fact the repayment began in 1974, and to date loans in the amount of 8.9 billion rubles have already been repaid.

In the Basic Directions of USSR Economic and Social Development for 1981-1985 and the Period to 1990 it is envisaged to continue the repayment of the loans. Moreover, its pace will increase considerably. Whereas during 1974-1980 on the average slightly more than 1 billion rubles a year were repaid, during the 11th Five-Year Plan 1.5 billion rubles a year will be repaid. The payments on loans are a supplement to the monetary income of the population. This especially pertains to people of advanced age, who are on a pension and among whom a significant portion of the bonds of loans are concentrated.

The monetary savings of the population appear in various forms. Deposits in savings banks and Gosbank, state domestic loans and personal insurance are among the organized forms of savings. Moreover, the so-called hoarding of money, that is, its holding as cash, exists.

The placement of a portion of the monetary income in deposits, loans and insurance policies expedites the turnover of cash and decreases its need for the continuous process of cash payments. For the money turned over, for example, to the savings bank proceeds from there to an institution of Gosbank and is used for subsequent cash payments--for the wages of workers and employees, the pay of kolkhoz farmers and so forth. Thus, every ruble makes several turnovers during the year. If money is held in the form of cash by the population, its turnover slows sharply: the additional emission of money is required for ensuring regular payments.

The holding of money in organized forms is advantageous to both the state and the population. During 1980 alone the savings banks paid 3.5 billion rubles in interest on deposits. The holders of bonds of the 3-percent domestic loan received in the form of winnings 321 million rubles.

Savings banks are a part of the system of USSR Gosbank, which uses the balance of deposits at savings banks as a resource for lending. Bank credits are allocated for the implementation of measures of great economic and social importance. Credit is conducive to the more rapid development of the economy of the country and thereby to the increase of the degree of satisfaction of the growing material and cultural needs of the population. The credits, which are issued for the expansion of the production of goods and services for the population, the development of the commodity turnover and consumer purposes, are of a pronounced social nature. The credits to kolkhozes, state enterprises and public organizations for cultural, general and housing construction are directly connected with the solution of socioeconomic problems. Thus, in the final analysis the savings are returned to the population not only in the form of money, but also as additional material and spiritual wealth.

In recent years the growth of deposits in savings banks has increased considerably. On 1 January 1981 the balance of deposits exceeded 156 billion rubles. The increase of the monetary income of the population was the main factor which influenced the rapid growth of deposits. The average wage of workers and employees

increased from 96.5 rubles in 1965 to nearly 169 rubles in 1980. The increase in 15 years was 75 percent. During this period the most active development of money circulation in the countryside occurred. The guaranteed pay of kolkhoz farmers was introduced, payment in kind was replaced by monetary payment; retirement security was improved. Other payments from public consumption funds increased significantly. During the current 5-year plan, Comrade L. I. Brezhnev noted in a speech at the November (1981) CPSU Central Committee Plenum, "the policy of increasing the income of the population is being continued."

Of course, the increase of the standard of living of the population is being accompanied by the broadening of the group of needs and the possibilities of meeting them. The sale to the population of durable goods, for example, passenger cars, is increasing rapidly, cooperative housing construction, which is being carried out by means of bank credit, is being developed. The halt of mass subscription to state loans had a definite influence on the increase of deposits in savings banks. The population received the opportunity to select the form of savings at its own discretion.

In recent years new types of personal insurance have appeared. Beginning on 1 January 1982 in addition to the 3-percent loan of 1966 a new freely circulating loan is being floated. The forms of deposits in savings banks are being improved somewhat more slowly. The two main types of deposits--the call and time deposits--which have existed for many decades, in recent years have not undergone significant changes, other types of deposits have not received noticeable development.

It seems that the expansion of the forms of deposits in conformity with the growing needs of the population should be the main direction of the further development of saving. In our opinion, the accumulation of assets in deposits should be more closely connected with the specific goals of the formation of savings; in particular, the depositors of savings banks should be given preference in the purchase of durable goods and admission to the housing construction cooperative. It is also expedient to revise the conditions of the existing forms of deposits, having increased the conveniences for the population in their use.

It is also impossible to avoid the following question. During the years of mass subscription to loans so-called komsodes--commissions for the promotion of state credit and saving--were attached to the local soviets and worked actively in labor collectives. In recent times their activity has decreased appreciably, while here and there it has ceased altogether. The local soviets of people's deputies, financial organs, savings banks and trade union organizations of enterprises and institutions need to step up the work of the commissions for the promotion of state credit and saving and to bring it closer to the requirements of today.

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## INVESTMENT, PRICES, BUDGET AND FINANCE

### NEW WHOLESALE PRICES FOR INDUSTRIAL PRODUCTION

Moscow IZVESTIYA in Russian 28 Nov 81 p 2

/Article (TASS): "New Wholesale Prices for Industrial Production"/

/Text/ In the national economy of our country, as is known, much work is being done to improve the economic mechanism. The putting into effect of new wholesale prices for industrial production is an important component of it.

Starting in January of next year, Deputy Chairman of the USSR State Committee for Prices A. T. Kuznetsov reported in an address on 26 November over Central Television, new wholesale prices for industrial production are being put into effect (settlements between enterprises are made in wholesale prices in contrast to the retail prices at which goods are sold to the population in stores).

Prices, as is known, are one of the important economic levers in the economic mechanism, and it is difficult to overestimate their importance in the creation of the cost accounting conditions of the activity of enterprises under present conditions. The prevailing wholesale prices have not been revised for the majority of types of products for about 12 years and in many ways are obsolete. During that time in some sectors the production costs have decreased as a result of technical progress--in electronics, some sectors of machine building and others; in others, on the contrary, for a number of reasons they have increased.

This pertains first of all to the fuel, power and raw material sectors. In the fuel and mining sectors the process of the complication of the geological mining conditions of the recovery of petroleum, gas, coal and ores in previously developed regions of the country is occurring, as a result of which the cost of their extraction is increasing. The costs are also increasing in connection with the development of the northern and eastern regions of the country, to which the center of the extraction of many types of fuel and raw materials has shifted. This involves additional capital investments per unit of extracted fuel and raw materials, to say nothing of the increased costs for environmental protection.

The prevailing wholesale prices in a number of sectors have ceased to be in line with the production costs, do not reflect them accurately enough and, thus, do not create the necessary cost accounting conditions of the activity of enterprises.

The State Committee for Prices jointly with the ministries, departments and councils of ministers of the union republics in 1979-1981 did much work on the



revision of wholesale prices and their bringing in line with the new production conditions. The new wholesale price lists have been delivered to enterprises and will become effective on 1 January 1982.

The new wholesale prices will create more favorable conditions for the cost accounting activity of enterprises and the efficient use of other economic stimuli and levers, which are stipulated by the decree of the CPSU Central Committee and the USSR Council of Ministers of 12 July 1979 on the improvement of the economic mechanism.

The increase of the wholesale prices for fuel, power and raw materials will undoubtedly also promote the more economical consumption of these resources.

The system of wholesale price markups on new highly efficient products and of price markdowns on obsolete and low quality products is being expanded in order to increase the influence of wholesale prices on the increase of production efficiency and product quality.

All this will enhance the role of prices in the national economy and their influence on the increase of the efficiency of social production and product quality.

Further, the Deputy Chairman of the USSR State Committee for Prices reported that the state committee has been receiving letters of workers, which contain the question: Will not the introduction of higher wholesale prices for industrial production cause an increase of the level of retail prices for consumer goods?

In the decree of the USSR Council of Ministers "On the Improvement of the Wholesale Prices and Rates in Industry," in accordance with which the new wholesale prices are being introduced, it is stipulated that this should be accomplished without a change of the current retail prices for consumer goods. The decree, A. T. Kuznetsov said in conclusion, is being strictly implemented, and in connection with the introduction of the new wholesale prices on 1 January 1982 no change will be made in the retail prices for either foodstuffs or nonfood consumer items.

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## INDUSTRIAL DEVELOPMENT AND PERFORMANCE

### FINANCIAL MEANS FOR PROGRESS

Minsk PROMYSHLENNOST' BELORUSSII in Russian No 10, Oct 81 pp 18-20

[Article by V. Antashov, senior economist, Belorussian Scientific-Research Institute of Scientific-Technical Information and Technical-Economic Research]

[Text] One-third of the costs of introducing new technology into the industry of our republic is financed from the fund of production development. At Minsk's largest enterprises, its share is still larger—it fluctuates between 50 and 90 percent. For example, at the Tractor Association imeni V.I. Lenin it constitutes 88.7 percent. Its size is practically the same at the Machine Tool Building Association imeni S.M. Kirov.

It should be noted that the fund of production development both in absolute computation and in percent is to be found among the most important sources of financing of the technical development of enterprises. Unfortunately, it is incapable of fully taking care of optimal resource needs, as amortization assignments into this fund amount to about one percent of the average yearly cost of fixed production capital, while annual wear of the latter is about two percent. The result is that the total resource dimensions of the fund do not create conditions for its reproduction.

The fund of production development could be replenished with the renovation part of amortization deductions of an industrial enterprise. But today, the latter is unable to handle these funds in the same way as production capital. Such a situation is not normal, all the more so since in the decree of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Raising Efficiency of Production and Quality of Work," it is pointed out that all expenditures from the fund of production development should be included in full volume in the capital-construction plan of ministries and departments and provided for first of all with the necessary resources, materials and volumes of contracting work within limits set for the five-year plan. The fulfillment of these proposals will make it possible to provide the fund of production development with the necessary resources.

Another primary source of financing of modernization of production in our republic is the fund for the assimilation of new equipment. Its share on the average is about 23 percent, but the leading machine-building plants of Belorussia achieve one-fifth of all developments from it. The role of the fund has grown especially after permission was granted to compensate for the costs of the first year of assimilation. But there are frequent cases where money from this fund has been used

not as planned, for example, not for replenishing working capital, acquisition of equipment and the like.

Almost one-fifth of the expenditures on introduction of new equipment consists of centralized capital investment. It is proper to distribute it among the different forms of renewal of fixed production capital--a very important task. The biggest results come from renovation of production, which provides higher indicators than is the case with new construction. But in practice what passes for renovation is frequently nothing else but new construction without any of its material-technical backup. In this connection, the "Methodological Positions for Determining the Economic Effectiveness of Capital Investment for the Renovation and Expansion of Existing Industrial Enterprises" developed by Ural economists are of interest. The experience of using these elaborations at Ural enterprises and planning institutes in substantiation of renovation confirms the need of their broader employment in our republic.

Executives can make wide use of bank credit. An essential condition in such cases is effectiveness of measures for which credit is extended and the recovery of outlays within prescribed periods. It would appear to be a profitable operation, but the relative share of bank loans for the creation of new equipment dropped in our republic in the years of the Ninth Five-Year Plan from 13.8 percent in 1970 to 1.7 percent in 1975. In the last five-year period, the picture remained essentially as before. What is the reason for the low interest of enterprises in credit? On the one hand, it is hindered by the complex procedure of paper work and the periods of receiving documents and, on the other, heads of enterprises prefer to use centralized funds rather than credits: there are fewer problems and less responsibility. It would be timely to recall here the words of Comrade L.I. Brezhnev in his speech to the voters of Baumanskiy voting district of the city of Moscow to the effect that the successful solution of new tasks "is hindered... not only by objective circumstances but also by the sluggish force of inertia. Inertia in planning, in methods of operation and, possibly, in managerial thinking."

In order to boost the prestige of credit, it would be necessary to develop a counter interest of enterprises and the bank. A contract agreement could serve as a form of credit extension for the development of science and technology; in it conditions would be determined for the granting and repayment of credit and the rights and obligations of the parties. Financing on the basis of contracts improves relations of the bank with its clients and promotes effective use of funds.

Since the beginning of the present five-year plan, production and scientific-production associations have been obtaining two kinds of new credits. One of them is for payment of work financed with the money of the single fund for the development of science and technology. It is granted when such work is done ahead of the schedule provided by the plan. Such credit is intended to guarantee payment for the performed work, if its producer provides ahead of schedule solutions of scientific and technical problems of a research, technological and experimental character.

The second is credit for the realization of highly effective measures relating to the development of science and technology not provided by the plan. It is granted for a period of two years from the day of issue and is paid back together with interest from money of the single fund. At the same time, the credit is issued under

a guarantee from the ministries and departments or industrial associations. Such a guarantee means that a superior economic organ considers possible extraplan expenditures, as they would be highly effective, and their repayment in full is ensured at the given association or the operational unit that is utilizing the results of scientific developments with the aid of the single fund for the development of science and technology (YeFRNT).

In a word, further improvement of financing of scientific-technical progress requires the selection of the most effective sources. At the same time, the procedure according to which different stages of scientific-technical progress are financed from different sources: basic and applied research—from the resources of the state budget, operational contract and experimental research—at the expense of production cost, the development fund and the like, which leads to a break in the unified cycle of "research-production."

Today the chief source of financing of scientific progress in all sectors of the national economy is YeFRNT. It is intended for the financing of developments and the utilization of new products and technological processes, introduction of scientific organization of labor as well as for additional expenditures for the improvement of production quality. This fund forms deductions from the planned profit of scientific-production and production associations, enterprises and organizations according to a norm established for the ministry or department in the five-year plan with distribution by years in percent of normative net production and in some cases--of commodity production. Moreover, a part of supplementary profit is directed into the single fund (the sum of wholesale-price markups) from the sale of new products with the state Seal of Quality in the amount of half of its following assignation into the fund of economic stimulation of associations, enterprises and organizations.

The single source of financing makes it possible to concentrate resources for the most important directions of scientific-technical progress and to unite in one whole the operation of scientific-research organizations and industrial enterprises. It also creates the possibility of transferring to program goal methods of operation. But despite the big benefits, enterprises in the republic make little use of this fund. Thus, at the Minsk Tractor Association, its share in the total sum of outlays for the introduction of new equipment amounted to 9 percent and at the Machine-Tool Association imeni Oktyabr'skaya Revolyutsiya--9.6 percent, the Association imeni S.M. Kirov--1.5 percent. At the same time at the BelavtoMAZ,<sup>1</sup> for example, the share of YeFRNT amounted to 65 percent, while at the Minsk Clock Plant, all expenditures on the introduction of innovations were covered by this source.

But enterprises are experiencing financial difficulties in the case of full use of money from the single fund. This is to be explained by the absence of a clear-cut mechanism for distribution of funds for all the cycles of scientific-technical progress. It is difficult to determine, for example, what sum should be allocated to the sector for the development of science and technology and what sum for production as compensation for the higher expenditures involved in the introduction of new equipment. Yet how important it is to elucidate the optimal fund for the sector: if it should be below requirements, then even an ideally set up system of financing of science and technology would not provide the required results. A formula of its quantitative measurement would make it possible in our view to provide a scientific validation of the size of YeFRNT.

<sup>1</sup> Belorussian Motor Vehicle Plant at Minsk



An important financing factor is the normative base of the entire scientific-production cycle. The country's leading scientists believe that YeFRNT in the sector, for example, can be established through deductions according to a progressive scale from each product unit depending on the level of its technical newness and quality. This undoubtedly will speed up renewal of production output and fund growth and will also increase interest in the creation of new equipment, since enterprises in the first two years of adoption of a technology can take advantage of benefits; to produce deductions in the smallest amount or even not to produce them.

With obsolescence of products, deductions into the single fund rise correspondingly. For this reason, enterprises with a high relative share of its output will participate in the creation of a sectorial fund to a large degree. Nor will those suffer a loss who primarily adopt new equipment—they will be able to enjoy the benefits of the redistribution function of YeFRNT.

A significant direction of increased effectiveness of outlays in the sphere of scientific-technical progress is the development and realization of an optimal relation of financial resources for basic and applied research, development, production and introduction of new equipment. Today up to 20 percent of the money of the single fund of a ministry or department is allocated to its scientific-research and planning-and-design organizations as well as to associations and enterprises having units that are classified as scientific. But evidently here a differential approach for determination what money is to be allocated for basic research in the sector is needed. For example, machine building on which reequipment of the entire national economy depends must have not only a powerful scientific-research base but also the means for the formation of a scientific stockpile. On the other hand, a number of other sectors must concern themselves first of all with the quickest possible realization of already created developments.

Since the introduction of the achievements of science and technology largely depends on the preceding stages of scientific-technical progress—applied research and development, it is very important to achieve an optimal relation among them. If for the country as a whole it is 14, 22 and 64 percent for basic, applied research and development, in our republic, the largest part of resources goes to basic and applied research and extremely little to experimental-design development and measures for its realization. It is very important not only to increase these outlays but also to create an adequately flexible system of financing that could effectively react to a change in the goals of scientific-technical development.

Improved financing of scientific-technical progress is impossible without the creation of mobile organizational structures, which would unite all the stages of development, adoption and introduction of new equipment. Such requirements are met today by scientific-production and production associations, including research and planning-and-design units, an experimental or series-production plant. At the present time, the republic has 16 sectorial associations. The process of their creation will be widely developed in the present five-year plan; therefore it is extremely important to adopt within the framework of the association a single system of financing of all stages of the work being done.

The experience of Leningrad's Plastpolimer Scientific-Production Association is interesting in this regard. Here the "Scheme of Control, Planning and Organization

of Scientific-Technical Development from Scientific Search to Start-Up of Production" has been in operation since 1973. A single complex plan makes it possible for the association to achieve a maximal concentration of the entire scientific-technical and material-financial potential on the most important problems.

Understandably, it cannot yet be said that all the possibilities of improving the financial support for the operation of associations already have been discovered and are already being used. The resources exist. The search for optimum distribution of money in the directions of scientific-technical progress is not over: introduction of advanced technology, mechanization and automation of production, utilization of an automated system of technological-process control and so on. For purpose of clarity let us imagine an elementary cybernetic model with financial resources as its input and resultant indicator of the efficiency of operation of an enterprise (profit, profitability, capital output) as its output. Where should funds be applied first of all? What technical characteristics should be changed for the purpose of raising the level of end indicators? What course is indicated by analysis of the feedback of indicators of efficiency and resources? Correct answers to these questions will help economists and management personnel to eliminate existing disproportions in the development of science and technology.

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## REGIONAL DEVELOPMENT

### BELORUSSIAN INDUSTRIAL DEVELOPMENT

Minsk PROMYSHLENNOST' BELORUSSII in Russian No 10, Oct 81 pp 11-14

/Article by Ye. Makhlin, chief of the Department of the National Economic Plan of the Belorussian SSR State Planning Commission: "Comprehensive Development for Industry"/

/Text/ The increase of the efficiency of social production on the basis of the further improvement of its structure is one of the most important provisions of the Basic Directions of USSR Economic and Social Development for 1981-1985 and the Period to 1990. The successful accomplishment of this task in many ways depends on how dynamically and proportionately the unified national economic complex of the country is developed and on how the comprehensiveness and intensification of the specialization of the economy of regions, the economic interrelations between them and the use of natural resources are ensured.

All this also fully pertains to our republic, which under the conditions of the unified national economic complex of the country has achieved a rather high level of economic and social development. Suffice it to say that the produced national income last year came to 17.7 billion rubles (in comparable prices), which is nearly threefold more than in the middle of the 1960's. The volume of industrial production during the same period increased fourfold, including 7.2-fold in machine building and metalworking, 14.5-fold in the chemical and petrochemical industry and 7.7-fold in the fuel industry. The average annual volume of gross output of kolkhozes and state farms during the past 10 years increased nearly 1.6-fold as compared with the preceding period.

The intensive process of industrialization is clearly traced in the economy of the republic. Whereas, for example, in 1965 in the gross national production industry accounted for 55.5 percent (in actual prices), in 1980 it accounted for 62.7 percent. Republic industry today consists of more than 100 large sectors and subsectors, which have 1,200 associations and enterprises, at which about 1.4 million people are employed.

A group of sectors and subsectors of industry and agriculture, which hold an important place in the all-union division of labor, has formed in Belorussia. Thus, in 1980 53.5 percent of the all-union output of potassium fertilizers, 16.1 percent of the tractors, 21.2 percent of the chemical fibers and filaments, 13.6 percent of

the machine tools and bearings, 11.5 percent of the linen fabrics, 5.9 percent of the radios, 7.4 percent of the televisions, 10.3 percent of the household refrigerators, 8.3 percent of the hosiery, 8.2 percent of the knitted outerwear and underwear, 20 percent of the motorcycles and 18.4 percent of the wristwatches were produced in our republic. The steady, ever increasing excess of the amounts of produced national income over the amount of that portion of it, which is used for accumulation and consumption, has occurred since the Eighth Five-Year Plan. The deliveries of products to other economic regions of the country are increasing, and in value they exceed the imports. And this is natural, since machinery, machines and instruments, that is, items, during the production of which a multiple degree of machining is necessary and which have a higher value, predominate in the exports. Raw materials, materials, fuel and semimanufactures, for which the number of technological conversions is relatively small and, hence, the level of the cost is lower, predominate in the imports.

Let us note that whereas the sectors of specialization of the republic in the all-union division of labor determine the importance of the economic region in the national economy of the entire country, their efficient combination with the sectors, which serve the needs of the sectors of specialization, as well as meet various needs of the region, is obligatory for the comprehensive development of the economy. The principle of comprehensive development creates the opportunity directly locally to meet the needs of the entire national economy of the republic for construction materials, motor transport and means of communication and of the population for foodstuffs, basic industrial goods and personal services. Thus, with an increase of the gross national product in 1980 as against 1960 by 4.4-fold the production of construction materials increased more than fivefold, consumer goods--5.4-fold, the freight turnover of common carrier motor transport increased nearly sixfold, while the volume of personal services to the population increased 11.2-fold. The efficient use of local natural and other resources and the formation of the structure of social production are also of great importance. With allowance made for these factors what are the prerequisites of the further development of the social production of the republic?

First of all about manpower resources. Estimates show that during 1981-1985 the size of the population of the republic will increase 3.3 percent and in 1985 will come to nearly 10 million. The proportion of the urban population in the total size of the population in this case will be 61.4 percent as against 56.6 percent in 1980. However, as a result of disturbances in the demographic structure (the consequences of World War II) the increase of the size of the population not of able-bodied age will slow slightly, which gives rise to the need for the increase of the efficiency of the use of manpower resources and the growth of labor productivity.

Petroleum, casing-head gas, potassium and rock salts, raw materials for the production of construction materials and several others will remain the most important mineral raw material, fuel and energy resources. Such a type of raw material as peat will be used primarily for agriculture. Its consumption for fuel needs will decrease. As a result of the further performance of reclamation, soil improvement and erosion protection work the qualitative composition of farming lands will improve and their fertility will increase. The grade composition of the felling resources will ensure the intensification of the specialization of the timber, pulp and paper and wood processing industry in the production of furniture, plywood, individual types of paper and cardboard and will make it possible to increase the output of wood particle and wood fiber boards.



A mighty production, scientific and technical potential has been created in our republic. During the 10th Five-Year Plan alone its fixed production capital increased 1.5-fold and by the end of 1980 exceeded 37 billion rubles. Its composition was updated by approximately 40 percent, which is ensuring the steady increase of production. All the sectors of the national economy have the necessary specialists with a higher and secondary specialized education. The following figure also attests to the great scientific potential of the republic. A total of 38,000 people are engaged in scientific and scientific educational work. In short, we have all the necessary conditions for the further increase of the efficiency of social production and work quality.

During the 1980's the Belorussian economic region will intensify its specialization. This process will affect the production of the products of machine building, the chemical and petrochemical industry and many sectors of light and the food industries. As before, dairy and meat cattle breeding and the production of potatoes and flax fiber will remain the leading sectors in agriculture.

On the basis of the planned measures on the intensification of specialization, the rapid introduction in the national economy of the achievements of science and technology and the tightening up of the policy of economy the productivity of national labor (in terms of national income) during 1981-1985 will increase 21.8 percent. The proportion of the growth of the national income due to this factor will be nearly 95 percent (during the 10th Five-Year Plan it was 84 percent).

The task of better utilizing the possibilities of intensification is being raised. Owing to the tight situation with some types of material resources--fuel, lumber, metals--this work should cover all the sectors of the economy. Its main directions are the improvement of the rate setting of the consumption of material resources, the adoption of wasteless processing methods, the improvement of the storage and the reduction of the losses of raw materials. As before, the improvement of the composition of the fixed capital with the extensive use in this case of the possibilities of the renovation of operating enterprises and the replacement of obsolete equipment, as well as the increase of the load of capacities by the increase of the shift coefficient remains one of the most important factors which influence the level of intensification. All this in the final analysis will make it possible to increase the output-capital ratio substantially.

The orientation toward the intensification of the economy also presumes the development at a leading rate of the sectors which ensure progressive structural changes in the national economy and the reequipping of the base sectors of industry--machine building and power engineering, the chemical industry, as well as transport and construction. In this connection the task of ensuring the basic reequipping and increase of the technical level of all the sectors of the national economy by the production of highly productive and economical machines, equipment and instruments and the increase of the production volume in this sector during 1981-1985 by nearly 1.5-fold has been set for machine building during the 11th Five-Year Plan and the long-range future. Considerable capital investments, which for the most part will be channeled into the improvement of the technology of machine building, the increase of its flexibility and mobility in the production of new types of equipment and the solution of the problems of specialization, especially parts specialization and technological specialization, are being allocated for the development of machine building. Without the implementation of the set of outlined

measures it would be necessary to increase by 25-30 percent the number of industrial personnel of machine building enterprises, who are engaged directly in production.

Specialization, as is known, is inseparable from cooperation. Unfortunately, the latter for the present is being implemented primarily only within the sector. Many union machine building ministries, for example, have at nearly every enterprise their own, at times miniature casting, founding, tool and other shops. Many skilled workers are employed in them, but the productivity of their labor is low. The production cost is much higher than at specialized enterprises.

The availability of considerable resources of secondary raw materials, the increase of the needs of the national economy for rolled ferrous and nonferrous metal products and the need for cooperative ties between consumers regardless of their departmental subordination are responsible for the development of ferrous and nonferrous metallurgy in our republic. In this connection the construction of a large conversion metallurgical plant in Zhlobin and a plant of aluminum alloys in Glubokoye is planned. This will make it possible to improve the supply of machine building enterprises and construction organizations with rolled metal products and to release tens of thousands of railroad cars which are used for hauling scrap metal from the republic. It is also planned to place into operation in Molodechno a plant for the production of items made from metallic powders with a capacity of 10,000 tons a year. Republic electric power engineering will undergo further development. The construction of the Minskaya Nuclear TETs will begin. With its placement into operation the heat supply of the city will improve considerably.

The role of the chemical and petrochemical industry is increasing with each year. The rapid development of this sector is dictated by the availability of a number of types of local raw material resources and resources which are forming at several associated works, the branched transportation system and the favorable geographic location of the republic with respect to both the consumers of products and raw material sources. All this taken together is making it possible to form on the territory of our region large complexes for the production of chemical fibers, industrial rubber items, mineral fertilizers, synthetic resins, varnishes and paints, plastic items, fiberglass materials and items made from them.

During the present 5-year plan the volume of output of products of the chemical and petrochemical industry of the republic will increase 1.3-fold, including caprolactam by 1.8-fold and tires by 44 percent. The output of mineral fertilizers will increase 1.3-fold, including potassium fertilizers by 1.4-fold. The further improvement of their quality is envisaged by means of the increase of the content of nutrients, the increase of the proportion of compound fertilizers, the assurance of the uniformity of the granulation composition and so on. As a result the expenditures of labor in agriculture will be decreased considerably, transportation costs will be reduced and the losses during the storage of fertilizers and their application to the soil will be decreased.

The assimilation of the production of new items made from plastics, which have higher strength and performance characteristics, including consumer goods, is also planned. Such an approach is dictated by life itself. Let us take, for example, the production of plastic pipe. The use of 1,000 tons of such pipe instead of steel pipe provides a saving of about 2 million rubles a year. In this case the labor expenditures in the construction of pipelines are reduced by 70,000-100,000 man-hours.

Along with the rapid development of the indicated sectors of industry, which ensure progressive changes in the national economy of the republic, much attention is being devoted to the strengthening of the material and technical base of transportation and construction. Sections of the Orsha-Borisov, Stolbtsy-Baranovich and Baranovich-Brest railroads will be electrified, the renovation of a number of stations will be completed. Steps are being taken to decrease the inefficient transportation of freight on the basis of the optimization of the attachment of suppliers to consumers. By the end of 1985 160,000 tons of freight will be shifted from rail transport to motor transport.

The leading construction and renovation of state and republic main highways is planned, which will ensure reliable motor transport connections between oblast centers and other population centers and the completion for the most part of the construction of hard-surface access roads to the central farmsteads of kolkhozes and sovkhoses.

Much attention during the current 5-year plan is being devoted to the solution of key problems on the basis of goal programs. The fulfillment of 50 republic programs is envisaged, including 7 scientific and technical comprehensive goal programs on the implementation of the most significant scientific and technical achievements for the accomplishment of such major national economic tasks as the increase of labor productivity, the assimilation of the production of new consumer goods, the increase of product quality and the reduction of the losses of agricultural produce. A large-scale food program, which, like the others, will be an integral part of the new 5-year plan, is being drawn up. The appropriate capital investments in agriculture and the sectors of industry, which are connected with it, for the implementation of measures, which provide the maximum return, have also been planned for its realization. First of all there are meant the measures on the increase of the fertility of the land, the increase of the production of grains and fodders, the development of animal husbandry and the acceleration of the changeover of agricultural production to industrial technology.

When working on all these problems one must also not forget a number of others. In 1982-1983 the task is set to complete the changeover in the planning and evaluation of the fulfillment of the assignments of the plan according to the total volume of industrial production to the indicator of the net output (standard), as well as to achieve the extensive use of the standard of the wage per ruble of output. Work on concentration and specialization, the development of intersectorial works and the creation of new and the improvement of operating production and scientific production associations will also be carried out further. The brigade forms of the organization and stimulation of labor will undergo considerable development. It is planned to expand the use of the method of the Shchekino Chemical Combine and the Volga Motor Vehicle Plant and other forms and methods of the organization of production.

It is also impossible not to speak about the following. It is very important to report the balanced, stable plan assignments and economic standards to production associations and enterprises. For it is precisely here, in the primary units of the national economic complex, that the process of physical production takes place, the latest achievements of science and technology are used and the fate of the 5-year plan as a whole is decided. That is why ministries and departments should eradicate most determinedly the unsound practice of the adjustment of the plans of

production associations and enterprises, in case of which the main burden of the fulfillment of the production program is placed upon collectives which work well.

As was noted at the 26th party congress, the practice of adjusting the plans downward disorganizes the economy and demoralizes personnel. At the same time it is necessary to increase the responsibility of enterprises, ministries and departments for the fulfillment of the assignments and obligations on the deliveries of products in the established amount and assortment, of the necessary quality and on the dates specified by contracts.

The decisions of the 26th CPSU Congress are inspiring every Soviet worker to new deeds. There is no doubt that the 11th Five-Year Plan will become a glorious page in the further economic and social development of our republic.

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## REGIONAL DEVELOPMENT

### SAYANSKIY TERRITORIAL PRODUCTION COMPLEX

Moscow EKONOMICHESKAYA GAZETA in Russian No 50, Dec 81 p 10

/Article by G. Shabayev, deputy chairman of the Krasnoyarskiy Kray Soviet Executive Committee and chairman of the planning commission: "The Industrial Centers of the Sayanskiy Complex"

/Text/ The Sayanskiy Territorial Production Complex is located in the southern part of Krasnoyarskiy Kray and determines the economic development not only of it, but to a considerable extent also of all Eastern Siberia.

The power center of the complex is the Sayano-Shushenskaya GES, the rated capacity of which is equal to 6.4 million kW. By the 64th anniversary of Great October the construction workers had placed into operation the next, the sixth unit, which, like the five preceding ones, began the generation of electric power earlier than the planned date. The large Sayanskiy Aluminum Plant, which will be the main consumer of its electric power, is being built near the hydroelectric power station.

The mining of hard coals of the Minusinsk basin, several billion tons of the balance sheet reserves of which are suitable for open-cut mining, is being carried out on the territory of the territorial production complex. Moreover, these coals are high calorie and are transported well.

The natural and climatic conditions of the southern part of the kray are also conducive to the development of agriculture. In the future the Sayanskiy Territorial Production Complex is one of the most important agricultural bases of Eastern Siberia, which specializes in fine-wooled and semifine-wooled sheep breeding, intensive dairy and meat livestock breeding, the cultivation of spring wheat, potatoes, as well as vegetables, fruit and berries.

All this is making it possible to create a highly efficient multiproduct territorial production complex with a high concentration of production and close production ties among the enterprises.

#### The Active Role of the Kray Planning Commission

A significant role has been assigned to the Sayanskiy Territorial Production Complex in the adopted decisions on the comprehensive development of the productive forces of Krasnoyarskiy Kray. These decisions specify in a new way the nature and potentials of local organs in the planning of economic development. The ministries

and departments of the USSR and the RSFSR have begun to elaborate the main indicators for the enterprises located in the kray and to single them out in the general plans by a separate line. This has revealed new means of implementing the comprehensive approach to the formulation of the plans, which are interconnected with a breakdown both by sectors and by territory. The Executive Committee of the Kray Soviet of People's Deputies has begun to devote considerably more attention than before to the question of planning and the working out of plans with the concerned ministries and departments and the departments of USSR Gosplan and RSFSR Gosplan.

The group of duties of the Kray Planning Commission has also been enlarged. Drafts of the annual and 5-year plans of the comprehensive development of the economy, which is not only subordinate to the kray soviet executive committee, but also for the entire territory of the kray, have been drawn up since the Ninth Five-Year Plan. Creative cooperation with the collectives of the institutes of USSR Gosplan and RSFSR Gosplan and the Siberian Department of the USSR Academy of Sciences made it possible to prepare more qualified proposals on the main directions of the comprehensive development of the kray for the long-range future.

All this promoted the placement into operation of the capacities of the Sayano-Shushenskaya GES, the Abakanvagonmash and Minusinskiy elektrotekhnicheskiy kompleks associations, the Sayanmramor Combine and others. During the years of the first Krasnoyarsk "10-year plan" the volume of industrial production in the kray increased 2.3-fold with an increase of the number of industrial personnel engaged directly in production by 17 percent.

The main sectors of the territorial production complex will also be developed rapidly during the 11th Five-Year Plan. The enterprises of the electrical equipment industry will increase the output of products as against 1980 by sixfold, the enterprises of power engineering--fivefold, heavy industry--threefold and nonferrous metallurgy--twofold.

#### The Comprehensive Development of Industrial Centers

The kray soviet executive committee is devoting much attention in the practical meeting of the requirements of the efficient combination of sectorial and territorial development to industrial centers. The group location of enterprises saves territory and decreases the length of railroads and highways, the networks of water supply, sewerage, heat supply and electric power transmission lines. Four industrial centers are being set up in the Sayanskiy Territorial Production Complex.

Machine building and nonferrous metallurgy are the leading sectors of specialization of the /Abakan Industrial Center/ /in boldface/. A plant for the production of container flatcars and containers has gone into operation at the Abakanvagonmash Association. The construction of a plant for the machining of nonferrous metals is next.

At the /Minusinsk Industrial Center/ /in boldface/ enterprises of the Ministry of the Electrical Equipment Industry are being built, 12 plants will be located on the same site. The first sections of the plants of nonstandard equipment and high-voltage vacuum switches are already operating. The preparation for the construction of the plant of welded assemblies and parts is under way.

The /Chernogorsk Industrial Center/ /in boldface/ has large enterprises of light industry. Here a worsted and cloth combine, a factory for the primary processing of wool and an artificial leather combine are producing output. A plant of industrial asbestos items of the USSR Ministry of the Petroleum Refining and Petrochemical Industry is being built.

The purpose of the /Sayanogorsk Industrial Center/ /in boldface/ is the regulation of the industrial build-up of a rapidly developing new city--Sayanogorsk. The largest enterprises of the industrial center are the operating Sayanmramor Stone Masonry Combine and the combine of dismountable assembled buildings for geologists, which is under construction. The functions of main developers of the industrial center and the city have been assigned to these enterprises, as well as to the Sayanskiy Aluminum Plant, which is being built and is not a part of the industrial center.

The high concentration and combination of diverse reserves of raw materials are facilitating the organization of industrial centers in the southern part of Krasnoyarskiy Kray.

#### On the Basis of Approved Diagrams

The Krasnoyarsk PromstroyNIIproyekt worked out all the diagrams of the master plans of the development of the Abakan, Chernogorsk and Sayanogorsk industrial centers of the Sayanskiy Territorial Production Complex. Back at the stage of preplanning substantiations the Kray Planning Commission continually reviewed the materials of the institute and issued conclusions on them, in which the interests of local organs in connection with the planned construction were reflected. Upon completion of the elaboration each diagram was discussed at the meetings of the Kray Planning Commission and the Interdepartmental Commission for the Distribution of Productive Forces of the Kray attached to the Kray Soviet Executive Committee with the enlistment of leading specialists of kray, oblast and city organizations.

At present our main task is the joint monitoring with the designers of the implementation of the approved diagrams. On the basis of the materials prepared by the designers the Kray Planning Commission is analyzing the assimilation of capital investments both for the main enterprises and for centerwide facilities. The results of the analysis are brought to the notice of the ministries and departments. At the beginning of this year a new structural subdivision--the department of the territorial production complex and industrial centers--appeared here. Its specialists have devoted much attention to the specification of the general diagrams of the industrial centers in conformity with the control figures of the plan assignments for the 5-year plan.

All the industrial centers, except the Minusinsk Industrial Center, are intersectorial centers. They unite enterprises of different specialization, which are subordinate to different ministries. Under these conditions the timely transfer by the ministries of the proportionate capital investments for the construction of centerwide facilities and the punctual performance by the main developers of the industrial enterprises of their functions are of especially great importance. But due to the departmental isolation of the enterprises for the present it is still difficult to achieve this.

For example, centerwide facilities for the Abakanvagonmash Association and the plant for the machining of nonferrous metals are envisaged by the diagram of the master plan of the formation of the Abakan Industrial Center. The former is already in operation, while the construction of the latter, whose products are needed by the enterprises of the Minusinsk Industrial Center, has been postponed from year to year. The USSR Ministry of Nonferrous Metallurgy has not transferred to the main developer--the Abakanvagonmash Association--in the predetermined and agreed on amount the matching assets which are needed for the construction of the TETs, the facilities of production water supply and transportation. Therefore a portion of them have been built only with allowance made for the needs of the association, while the placement of others into operation has been unjustifiably delayed. It is now already possible to say that it will not be possible to provide the estimated saving of capital investments given such independent actions of the two ministries.

Here is another example. The same USSR Ministry of Nonferrous Metallurgy, but now as the main developer of the Sayanogorsk Industrial Center, on every pretext has evaded for 5 years the construction of heat supply facilities in accordance with the diagram proposed by the designers. It is striving to build them for its own plant without regard for the needs of the city of Sayanogorsk and the combine of dismountable assembled buildings for heat.

Such cases are not accidental. The diagrams of the master plans of the formation of the industrial centers and the territorial production complex as a whole, unfortunately, are not directive documents, that is, mandatory for execution by ministries and departments. The solution of this problem, in our opinion, is pressing.

Within their powers the local soviets of people's deputies should ensure, as is known, comprehensive economic and social development on their territory. Guided by this, the kray soviet executive committee on the initiative of the kray committee of the CPSU at one time drafted a plan of the socioeconomic development of the kray for 1976-1980. The elaborated chart-diagrams of the social infrastructure of the cities and rayons were of great help in compiling it. They made it possible, in particular, to identify the substantial lag in the construction of housing and cultural and personal facilities in the cities of the Sayanskiy Territorial Production Complex, which had created great difficulties in the assimilation of the new capacities. For example, at the time of the placement into operation of the Chernogorsk Worsted and Cloth Combine the program of construction of housing, social, cultural and personal facilities had been fulfilled by only 30 percent.

In the Khakasskaya Autonomous Oblast, where the majority of enterprises of the Sayanskiy Territorial Production Complex are being built, the rate of housing construction lags considerably behind the rate of production construction. Moreover, development in the cities of the oblast is being carried out without regard for the demographic situation: young people make up 63 percent of the population of the city of Sayanogorsk and retirees make up only 3.8 percent. Housing and social, cultural and personal facilities are being built on the basis of the norms of large cities with fixed traditions and ratios of the age categories of the population.

The rate of development of the nonproduction infrastructure of the Minusinsk Industrial Center was also obviously inadequate. The attention of the USSR Ministry of Light Industry, the RSFSR Ministry of the Textile Industry, the USSR Ministry of



the Electrical Equipment Industry and the USSR Ministry of Nonferrous Metallurgy has been directed to these disproportions in the development of the territorial production complex.

An increase of housing construction in the territorial production complex by not less than 20 percent is called for during the current 5-year plan.

A special program, which received the name "Novosel'ye-81," has been elaborated on the initiative of the Khakasskaya Oblast Committee of the CPSU and the Executive Committee of the Oblast Soviet. This year 260,000 m<sup>2</sup> of housing should be put into operation in Khakasia--85,000 m<sup>2</sup> more than last year. The Sayanalumintyazhstroy Trust in Sayanogorsk is successfully coping with its program. The collective of housing construction workers on 1 October completed ahead of time the plan on the construction of housing and social, cultural and personal facilities. The people of Sayanogorsk will receive 16,000 m<sup>2</sup> of housing in excess of the plan.

However, these first achievements do not yet attest to the cardinal solution of the problems. The suggestions of local organs, which are connected with the formation of an efficient production and social infrastructure, as in the past are not receiving the proper support of the ministries. For example, several organizations of different ministries are carrying out construction on the territory of the territorial production complex. Lack of coordination in their actions, which leads to unnecessary expenditures and the lengthening of the construction periods, is inevitable when there are no unified plans and coordinated schedules of development.

These and other shortcomings attest to the need for the further improvement of the planning of the processes of forming and managing the territorial production complex.

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## REGIONAL DEVELOPMENT

### AUTOMATED SYSTEM OF FINANCIAL CALCULATIONS

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/Article by Moldavian SSR Minister of Finance I. A. Savvin and A. M. Rusanovskiy, director of the Computing and Data Processing Center of the Moldavian SSR Ministry of Finance: "The Organization and Designing of the Automated System of Financial Calculations"

/Text As is noted in the decree of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Increasing Production Efficiency and Work Quality," given the present level of the development of our economy the further improvement of the management of the national economy is acquiring particular urgency. The role of automated control systems is also increasing. For the development of the automated system of financial calculations (ASFR) as a component of the Statewide Automated System (OGAS) it is necessary to utilize the available experience of the development of the ASFR-1.

More than 7 years have passed since the adoption of the ASFR in the Moldavian Ministry of Finance, but many problems, which were initially encountered, still have not found their solution. The psychological barrier, which emerges in the way of any new matter, up to now has influenced the development of the ASFR. What is the automated system of financial calculations? It is a powerful, reliable, convenient tool which is intended for the solution of the problems facing financial workers. It would seem that precisely they should be most interested in its successful and quickest possible use. But practice shows that this is far from the case.

The ASFR cannot be set up without the active participation of all the workers of the financial system, since no one can determine better than they can what each specific performer is required to do. Precisely they can evaluate the positive and negative aspects of any proposed change in the prevailing system, which should inevitably arise in connection with the automation of the processes of data processing. Financial workers of all levels need to understand that there is no ready-made, developed ASFR. We should create it ourselves, by our joint efforts. Of course, failures may also be encountered in this direction, but they should not stop us; on the contrary, these difficulties must be overcome by the joint efforts of the workers of computer centers and the ministries of finance. It is impossible to create the ASFR by the forces of computer centers alone.

The ASFR not only holds new possibilities, but also requires some rearrangement of the very object of automation. It is impossible to create a good system without the standardization of documents and the modernization of the established rules of the performance of certain tasks or others. But it is most difficult to solve precisely these problems. The attitude toward these questions of the main client of the ASFR--the USSR Ministry of Finance--is of great importance. As long as the solution of the problems arising in the republics in connection with the creation of the ASFR remain a matter of the republics themselves, it will not be possible to do anything significant for the change of the forms and methods of work of the financial system. Progress is possible only with the assistance of responsible officials of the USSR Ministry of Finance.

For it should be admitted that a number of developments, which have been turned over within the first section of the ASFR of Moldavia, cannot be fully utilized for the reason that the output documents obtained on the computer are not being used in the USSR Ministry of Finance. For a number of years we have been faced with this situation when defending the draft of the republic budget on expenditures for health care. Obviously, the time has come to settle the question of the status of the documents obtained with the use of computers.

At present in many republics large collectives are engaged in the designing of the ASFR. In each of these republics the first section of the system has been turned over or is being readied for placement into operation. Much, it would seem, has been done. But it is practically impossible to use the designs which have been elaborated in other republics. The approaches to the statement of the problems and to information support, software, hardware and technological support differ greatly. It is necessary to change this situation radically. Any design, which has been developed in one of the republics, should find application in the others. To all appearances, the time has come for the Main Computer Center of the USSR Ministry of Finance to organize a sectorial file of finished designs and to turn them over to all the republics. A necessary condition for this is the assurance of a uniform approach to the development of the ASFR.

The experience of using the problems, which are a part of the first section of the ASFR of Moldavia, shows that the working capacity of the ASFR greatly depends on those changes which are taking place in the financial system. It is necessary to decrease this dependence considerably. The emphasis should be shifted to the very sequence of the development of the ASFR. Being built only on the basis of standard support units, the functional unit of the system may be less susceptible to revisions in connection with changes in the financial system. Therefore the efforts of the developers of the ASFR must be mobilized first of all for the development of the support units, and then the ASFR-2 must be organized on their basis. There is probably no alternative to this method.

In recent times some change in the approach to the designing of the ASFR has been taking place. The development of larger functional units of the ASFR is planned, steps are being taken to decrease the parallelism in developments. For this it is expedient:

to establish such a procedure so that before the start of the development of the next block of the functional structure of the ASFR the functions of the client, which are specified in the engineering assignment for the ASFR, which was approved

by the USSR Ministry of Finance on 20 August 1974, would be officially assigned to the appropriate administration of the USSR Ministry of Finance;

to appoint the Main Computer Center of the USSR Ministry of Finance to be the general client of the support units of the ASFR and to ensure their priority development;

to approach the development of the ASFR comprehensively, compiling coordination plans with the participation of the general clients for the functional and support units and of the developers (specific performers), taking into account here the lead of the development of the support units;

to prepare the designs of the functional blocks of the ASFR simultaneously at all levels with the assurance of coordination between them.

The solution of these problems will improve the quality appreciably and will shorten the time of development of the ASFR.

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